

**CITY OF RIO DELL, CALIFORNIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2019**



Prepared by:

**Cheryl Dillingham**  
Finance Director

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**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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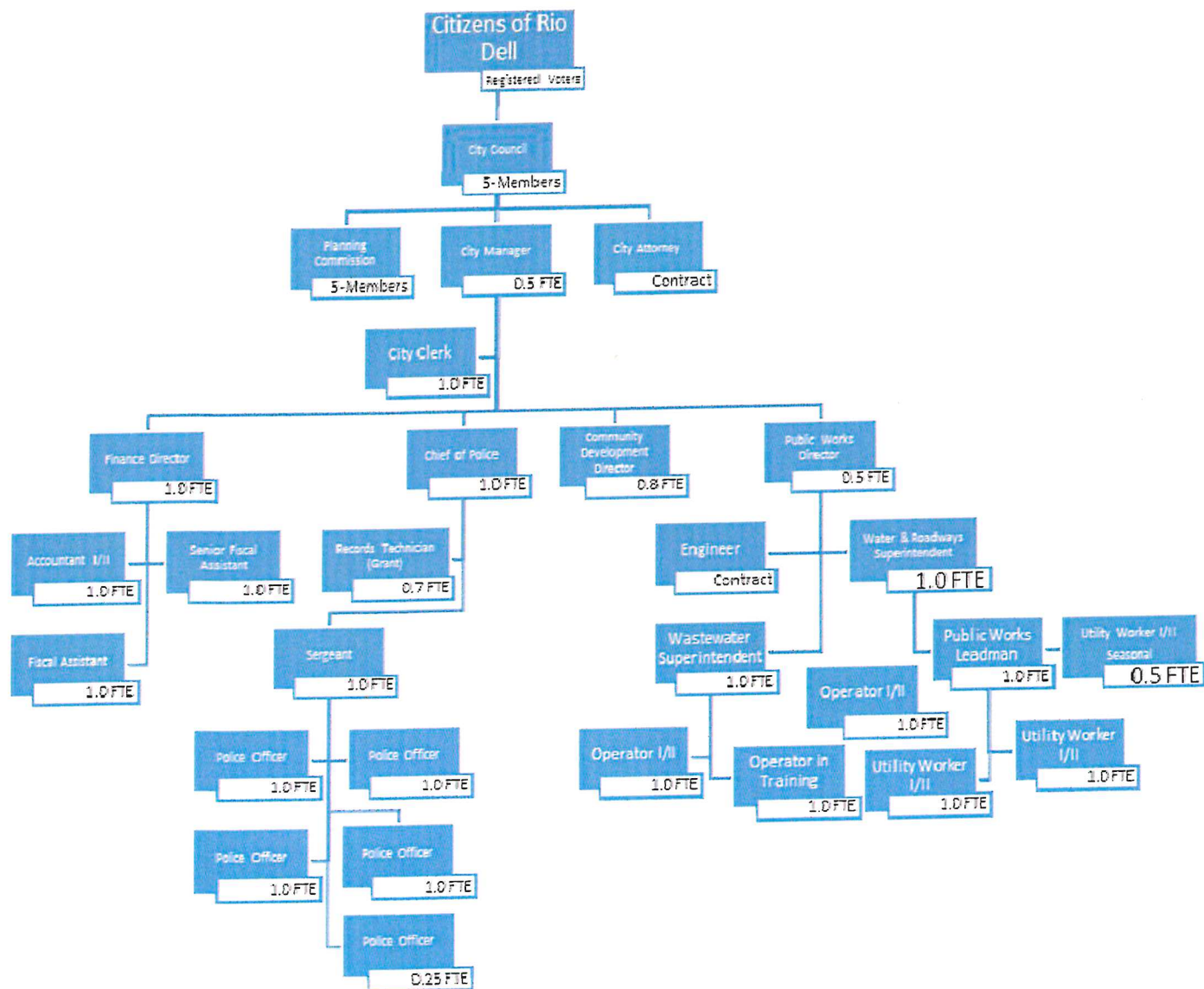
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**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Organization Chart**



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**List of Officials**

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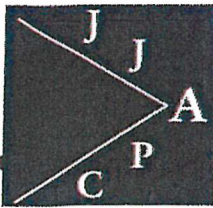
<b><i>CITY COUNCIL</i></b>
----------------------------

- Debra Garnes, Mayor
- Julie Woodall, Mayor Pro Tem
- Frank Wilson, Council Member
- Gordon Johnson, Council Member
- Sue Strahan, Council Member

<b><i>CITY OFFICIALS</i></b>
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- Kyle Knopp, City Manager
- Keren Dunham, City Clerk
- Cheryl Dillingham, Finance Director
- Kevin Caldwell , Community Development Director
- Jeff Conner, Chief of Police





**JJACPA, Inc.**

A Professional Accounting Services Corp.

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and City Council  
City of Rio Dell  
Rio Dell, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

June 22, 2020

*JJACPA, Inc.*  
**JJACPA, Inc.**  
**Dublin, CA**



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

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This section provides a narrative overview and analysis of the financial activities of the City of Rio Dell (City) for the fiscal year ended June 30, 2019. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

**FINANCIAL HIGHLIGHTS**

This section of the annual financial report provides a narrative overview and analysis of the financial activities of the City of Rio Dell (City) for the fiscal year ended June 30, 2019. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

The following outlines the financial highlights for the year:

- ◆ At June 30, 2019, the City's net position (excess of assets and deferred outflows of resources of the City over liabilities and deferred inflows of resources) was \$28,335,902, an increase of \$878,547 from the prior year. Of the total net position, \$21,207,243 was invested in capital assets (net of related debt) and \$350,064 had restrictions in their use leaving \$6,778,595 as unrestricted.
- ◆ Overall City-wide revenues from all governmental and business-type activities decreased by \$574,177 compared to FY 2017-18. The decrease resulted from the elimination of one-time revenues from grant funding for the Metropolitan Wells Project. The City's total expenses for all programs in FY 2018-19 increased by \$22,227 or less than 1%.
- ◆ Overall the City's total net position increased by \$878,547 (\$579,917 and \$298,630 for governmental activities and business-type activities, respectively). Total city-wide assets increased \$617,846. This primarily was the result of an increase in cash.
- ◆ The General Fund reported a fund balance of \$2,020,921 at the end of the 2019 fiscal year, an increase of \$324,662. This increase resulted from higher than anticipated Sales Tax and Measure U revenues and new Cannabis revenues. There was also significant budgetary savings in the General Fund due to vacant positions in the Police Department.
- ◆ The City also ended the fiscal year with \$3,470,160 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of \$496,761 from 2018 and is a result of unrestricted water funds increasing by \$371,835 to \$1,675,908 and unrestricted sewer funds increasing by \$124,926 to \$1,794,252.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

**The Basic Financial Statements**

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

**Government-wide Financial Statements**

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and are comprised of the Statement of Net position and the Statement of Activities. The Statement of Net position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by private sector entities. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

Government-wide financial statements, prepared on the accrual basis, measure the flow of all economic resources of the City. There are two basic statements presented here: the Statement of Net Position and Statement of Activities. These statements present information about the following activities.

- ♦ ***Governmental activities*** – All of the City's basic services are considered to be governmental activities, including general government, community development, parks and recreation, public safety, animal control, engineering, community events, public improvements, planning and zoning, building inspections, and general administration. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.
- ♦ ***Business-type activities*** – All the City's enterprise activities are reported here, including Water and Sewer. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

For the fiscal year ended June 30, 2019, the City's major funds are as follows:

**GOVERNMENTAL FUNDS:**

- ◆ General Fund
- ◆ CDBG Special Revenue Fund

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF THE ANNUAL FINANCIAL REPORT, Continued**

**Fund Financial Statements, Continued**

**PROPRIETARY FUNDS:**

- ◆ Water Enterprise Fund
- ◆ Sewer Enterprise Fund

For the fiscal year ended June 30, 2019, the City adopted annual appropriated budgets for all governmental funds.

**Proprietary funds.** The City maintains Enterprise-type funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water and Sewer activities. The proprietary fund financial statements provide separate information for all of these operations.

**Fiduciary Statements**

The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations. The fiduciary statements provide financial information about the activities of special deposits for which the City acts solely as an agent. They provide information about the cash balances and activities of these funds.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 41-70 of this report.

**Combining and Individual Fund Financial Statements and Schedules**

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 74-86 of this report.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$28,335,902 as of June 30, 2019. The Summary of Net position as of June 30, 2019, and 2018, follows:

	Summary of Net Position					
	2019			2018		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Current and other assets	\$ 3,775,656	\$ 4,063,188	\$ 7,838,844	\$ 3,362,354	\$ 3,529,955	\$ 6,892,309
Noncurrent assets	4,801,171	23,300,011	28,101,182	4,619,906	23,809,965	28,429,871
Total assets	8,576,827	27,363,199	35,940,026	7,982,260	27,339,920	35,322,180
Current and other liabilities	8,447	560,790	569,237	82,539	536,506	619,045
Long-term liabilities	32,710	6,926,177	6,958,887	19,968	7,225,812	7,245,780
Total liabilities	41,157	7,486,967	7,528,124	102,507	7,762,318	7,864,825
Net position:						
Net invested in						
Capital Assets	4,801,171	16,406,072	21,207,243	4,619,906	16,604,203	21,224,109
Restricted	350,064	-	350,064	271,863	-	271,863
Unrestricted	3,308,435	3,470,160	6,778,595	2,987,984	2,973,399	5,961,383
Total net position	\$ 8,459,670	\$ 19,876,232	\$ 28,335,902	\$ 7,879,753	\$ 19,577,602	\$ 27,457,355

The City's total net position increased by \$878,547 (\$579,917 and \$298,630 for governmental activities and business-type activities, respectively). Total city-wide assets increased \$617,846. This primarily was the result of an increase in cash. Total city-wide liabilities, not including deferred outflows and inflows of resources, decreased by \$336,701 from both current and non-current categories. Debt service principle (long-term liabilities) for the wastewater treatment plant and the water system infiltration gallery decreased \$299,635.

Slightly more than 1% or \$350,064 of City-wide net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position of \$6.8 million may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$3,308,435 is held by governmental activities and \$3,470,160 is held by business-type activities.



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Revenues**

The City's total revenues for governmental and business-type activities were \$4,864,926 for the fiscal year ended June 30, 2019, a decrease of \$574,177. Significant revenues for the City for fiscal year 2018-19 were derived from taxes (26%), operating grants and contributions (11%), and charges for services (53%).

The following discusses variances in key revenues from the prior fiscal year:

- ◆ **Charges for Services** - Annual receipts for business-type activities increased \$150,587, or 6%. Governmental activities increased \$63,876, primarily due to building for fees for a new multi-unit housing project.
- ◆ **Grants and Contributions** - Annual receipts decreased by \$1,059,114. This was due to funding received in the prior year for the Metropolitan Well project and CDBG funds for ADA improvements to City Hall.
- ◆ **Other Taxes** - Annual receipts increased \$33,868. This represents revenues from the new cannabis tax.

**Expenses**

Governmental and business-type activity expenses of the City for the year totaled \$3,986,379. This is an increase of \$23,469 from the prior fiscal year. Governmental activity expenses totaled \$1,343,563, or 34% of total expenses. Business-type activities incurred \$2,642,816 of expenses during the fiscal year, and increase of \$200,870 used mainly for capital project costs. Public safety - Police costs represented 50% of total governmental activities expenses, followed by General Government activities (29%) and Planning and Public Works (16%). The remaining 5% were Building and Recycling costs.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net position for the fiscal years ended June 30, 2019, and 2018, follows:

	Changes in Net Position 2019			2018		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 164,419	\$ 2,439,841	\$ 2,604,260	\$ 100,543	\$ 2,289,254	\$ 2,389,797
Grants and contributions:						
Operating	359,377	-	359,377	563,462	-	563,462
Capital	8,851	188,036	196,887	-	1,051,916	1,051,916
General revenues:						
Property taxes, levied for general purposes	127,913	-	127,913	124,476	-	124,476
Sales taxes	486,594	-	486,594	497,140	-	497,140
Transient occupancy tax	9,328	-	9,328	13,857	-	13,857
Gas taxes	144,878	-	144,878	72,769	-	72,769
Franchise taxes	88,045	-	88,045	85,790	-	85,790
Other taxes	33,868	-	33,868	-	-	-
Motor vehicle in lieu	384,193	-	384,193	383,159	-	383,159
Use of money and property	64,031	44,130	108,161	22,674	776	23,450
Contributed capital	-	207,471	207,471	-	205,353	205,353
Other general	46,149	67,802	113,951	8,640	19,294	27,934
Total revenues	1,917,646	2,947,280	4,864,926	1,872,510	3,566,593	5,439,103
Expenses:						
Governmental activities:						
General government	391,694	-	391,694	565,721	-	565,721
Public safety - Police	669,547	-	669,547	640,143	-	640,143
Planning and Public works	214,838	-	214,838	241,873	-	241,873
Building	59,994	-	59,994	66,979	-	66,979
Recycling	7,490	-	7,490	6,248	-	6,248
Business-type activities:						
Water	-	1,542,953	1,542,953	-	1,624,225	1,624,225
Wastewater	-	1,099,863	1,099,863	-	817,721	817,721
Total expenses	1,343,563	2,642,816	3,986,379	1,520,964	2,441,946	3,956,662
Excess (Deficiency) of revenues over expenditures before transfers	574,083	304,464	878,547	351,546	1,124,647	1,476,193
Transfers	5,834	(5,834)	-	-	-	-
Change in net position	579,917	298,630	878,547	351,546	1,124,647	1,476,193
Net position:						
Beginning of year	7,879,753	19,577,602	27,457,355	7,528,207	18,452,955	25,981,162
End of year	\$ 8,459,670	\$ 19,876,232	\$ 28,335,902	\$ 7,879,753	\$ 19,577,602	\$ 27,457,355

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Governmental Activities**

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2019, and 2018, are as follows:

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 391,694	\$ 272,427	\$ 565,721	\$ 374,608
Public safety - Police	669,547	520,800	640,143	500,727
Planning and public works	214,838	(49,795)	241,873	(91,603)
Building	59,994	59,994	66,979	66,979
Recycling	7,490	7,490	6,248	6,248
Total	<u>\$ 1,343,563</u>	<u>\$ 810,916</u>	<u>\$ 1,520,964</u>	<u>\$ 856,959</u>

Expenses for governmental activities were \$1,343,563 which was \$177,401 or 12% lower than the prior year. During FY 2018 City Hall had an architectural barrier removal project for ADA improvements, which resulted in higher expenditures in comparison to 2019.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

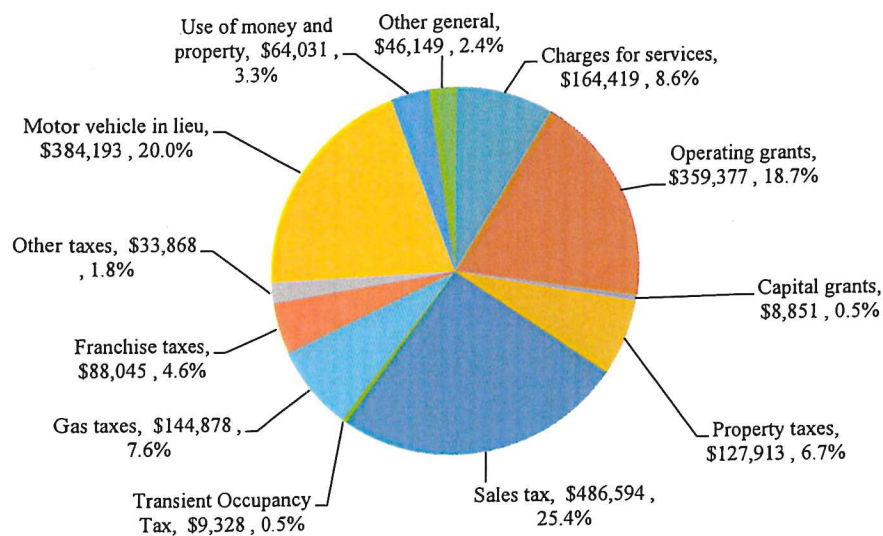
**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

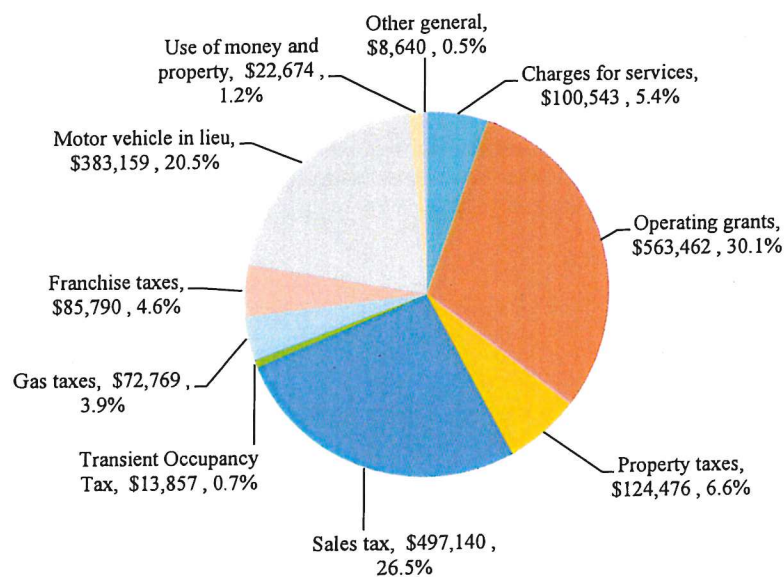
**Governmental Activities, continued**

Revenues by source for the fiscal years ended June 30, 2019, and 2018, are as follows:

**Revenues by Source - Governmental Activities 2019**



**Revenues by Source - Governmental Activities 2018**





**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

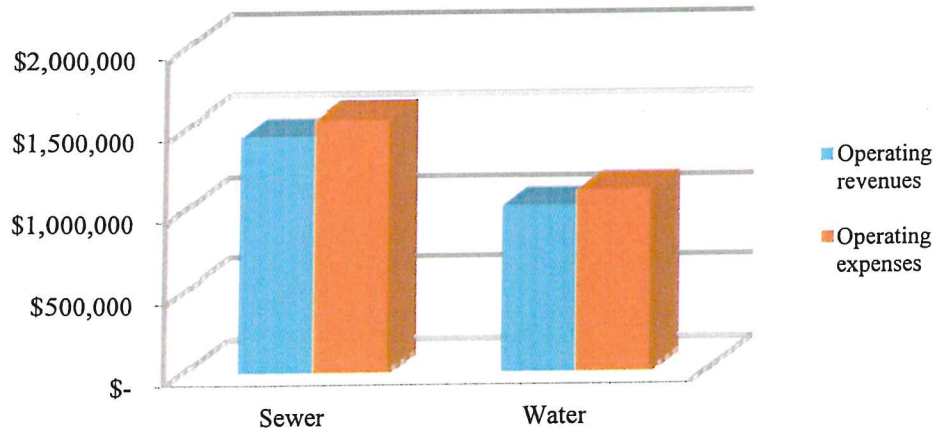
**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

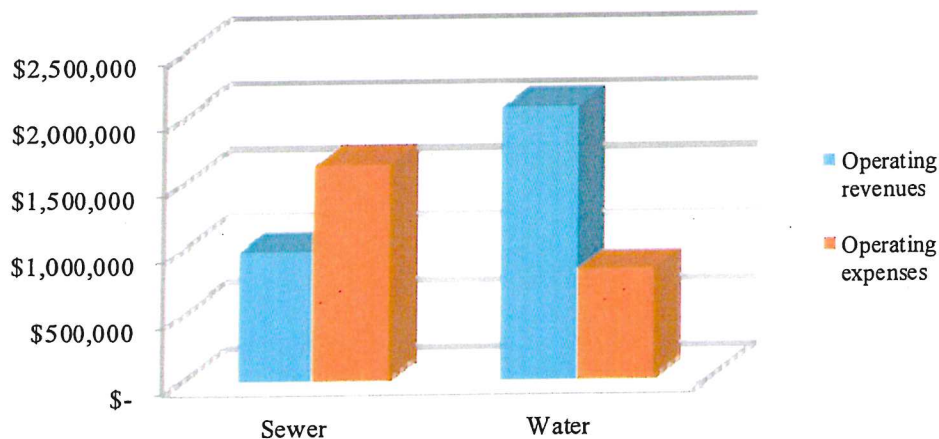
**Business-type Activities**

Business-type activities have increased the City's net position by \$298,630. The City has two business-type activities: Sewer and Water Operations. The operating revenues and expenses for the business-type activities for the fiscal years ended June 30, 2019, and 2018, are as follows:

**Operating Revenues and Expenses  
Business-type Activities  
2019**



**Operating Revenues and Expenses  
Business-type Activities  
2018**





**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

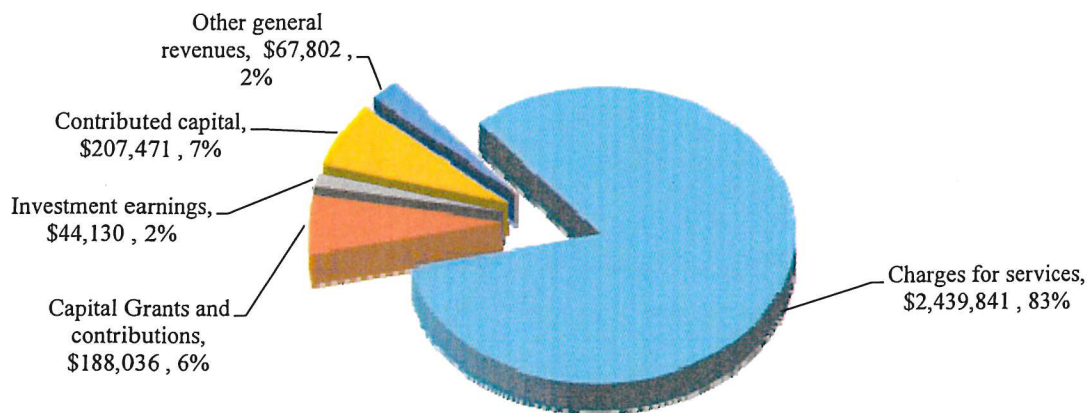
**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

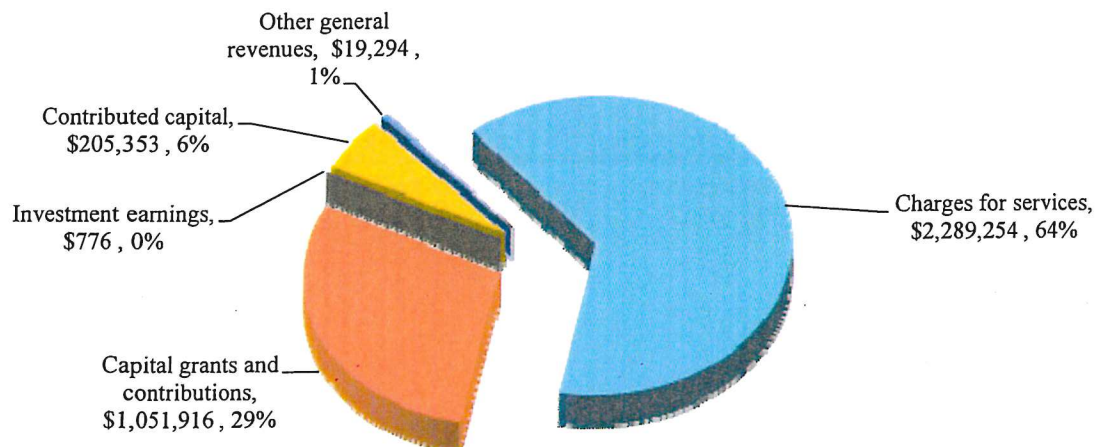
**Business-type Activities, continued**

The revenues by source for the business-type activities for the fiscal years ended June 30, 2019, and 2018, are as follows:

**Revenues by Source - Business-type Activities 2019**



**Revenues by Source - Business-type Activities 2018**



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Financial Analysis of the Government's Funds**

The City of Rio Dell uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

**Governmental funds.** The City's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2019, the City's governmental funds reported combined fund balances of \$2,687,353. This is an increase of \$555,647 or 25% from last year. This primarily results from revenues exceeding expenditures in the various governmental funds.

The General Fund is the chief operating fund of the City. At the fiscal year ended June 30, 2019, General Fund unassigned fund balance totaled \$1,992,249. This is an increase of \$418,501 from the prior year. This increase resulted from higher than anticipated sales and cannabis tax revenues, as well as significant budgetary savings primarily due to vacant positions.

The governmental funds allowed the City to undertake several capital and special projects in FY 2018-19. The State provided funds through the Active Transportation Program (ATP) which will enhance non-motorized user safety on city streets. ATP funding is meant to encourage increased use of active modes of transportation. This project is anticipated to start construction in FY 2019-20. The General Fund subsidized street maintenance and Habitat for Humanity projects.

**Proprietary funds.** The City ended the fiscal year with \$3,470,160 reported in the proprietary enterprise funds (the amount of net position available for use, including unrestricted net position, but excluding the investment in capital assets net of related debt). This is an increase of \$496,761 from 2018. The increase is a result of the change in net position in the water funds of \$371,835 and \$124,926 in the sewer funds.

**General Fund Budgetary Highlights**

The difference between the final budget and actual revenues differs favorably by \$225,256, or 21% over budgeted amounts. This was mainly due to increased retail sales tax and Measure U revenue. Actual expenditures were \$497,294 lower than final budgeted amounts. The lower expenditures were largely due to vacant positions in the Police Department.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

There was a \$106,393 difference between the total original expenditure budget and the total final amended budget. Actual expenditures in comparison to the final budget were \$1,630,024 under budget (27% under budget). This resulted primarily from unspent capital outlay appropriations for several projects.

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amount to \$28,101,182. This investment in capital assets includes land, construction in progress, streets, medians, sidewalks, buildings, water and sewer infrastructure, machinery, equipment, and vehicles.

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	\$ 627,945	\$ 627,945	\$ 507,859	\$ 507,859	\$ 1,135,804	\$ 1,135,804
Construction in progress	183,295	-	-	1,998,049	183,295	1,998,049
Buildings and structures	302,953	308,683	18,283	26,881	321,236	335,564
Equipment	19,683	23,968	249,355	267,918	269,038	291,886
Vehicles	17,833	80,442	95,084	-	112,917	80,442
Streets and roads	1,754,723	1,636,003	-	-	1,754,723	1,636,003
Infrastructures	1,894,739	1,942,865	22,429,430	21,009,258	24,324,169	22,952,123
Total	\$ 4,801,171	\$ 4,619,906	\$ 23,300,011	\$ 23,809,965	\$ 28,101,182	\$ 28,429,871

More detail of the capital assets and current activity can be found in the notes to the financial statements on page 47 for significant accounting policies and Note 5 on pages 57 – 58 for other capital asset information.

**Long-Term Debt**

At June 30, 2019, the City had \$7,277,926 in long-term liabilities. Additional information about the City's long-term debt can be found in Note 7 to the basic financial statements.

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$ 36,344	\$ 22,187	\$ 35,820	\$ 22,278	\$ 72,164	\$ 44,465
Safe Drinking Water Loan	-	-	1,428,000	1,564,000	1,428,000	1,564,000
FMHA Special Assessment Bonds	-	-	-	30,000	-	30,000
State of California Water Resources Control Board	-	-	5,777,762	5,949,800	5,777,762	5,949,800
Total	\$ 36,344	\$ 22,187	\$ 7,241,582	\$ 7,566,078	\$ 7,277,926	\$ 7,588,265



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**Management's Discussion and Analysis, Continued**

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**Economic Outlook and Next Year's Budget and Rates**

The budget for Fiscal Year 2019-20, adopted on June 18, 2019, is balanced and the economic outlook for the near term is considered stable. The overall stabilization is a result of a continuing and reliable tax base, a lack of pension debt and utility rates that adequately meet operating and capital costs and the City's efforts over the past several years to contain and control expenditures.

Tax revenues, particularly property and sales taxes, continue to be steady through economic cycles which provides stability to the City's financial position. These revenues have increased modestly since the Great Recession in 2008. In addition, the City's tax revenue base was broadened with the passage of Measure U in 2014, the City's 1% add-on tax. Measure U expires in 2020 and thanks to community support Measure J was passed and extends the sales tax through 2024.

Measure X, the City's business tax on medical and recreational marijuana was voted in on November 7, 2017. Measure X allows for commercial production and sales of cannabis at the City's industrial zone at Metropolitan Avenue. Maintaining and growing the City's revenue base continues to be a high priority.

The City's traditional revenue base is not keeping up with expenses. Salary and benefits costs are the largest expense category and it has become a challenge to provide salaries that are competitive enough to recruit and retain qualified employees. Additionally, costs for other services continue to rise such as dispatch, information systems and animal control. It is anticipated that the cost of doing business will continue to increase.

It has been over five years since a rate study has been done for sewer and water services. The budget contains funding for a new rate study. Regulatory oversight, capital planning and replacement and employee retention are factors contributing to the need for a rate review and update.

In summary, the City enters FY 2019-20 in a positive financial position due to past efforts made to stabilize both revenues and expenditures. The budget for FY 2019-20 invests in services, maintains reserves and there is the possibility of increased cannabis tax revenue. While vulnerabilities exist, some within the City's control and some not, the City believes it has taken, and will continue to take, the actions necessary to create a sustainable financial future.

**Requests for Information**

This Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. If you have any questions about this report, or need additional financial information contact the City of Rio Dell Finance Department, 675, Rio Dell, CA 95562.

## **BASIC FINANCIAL STATEMENTS**

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**City of Rio Dell, California**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 2,263,624	\$ 3,531,170	\$ 5,794,794
Receivables:			
Accounts	475,243	277,486	752,729
Intergovernmental	-	174,395	174,395
Interest	-	12,137	12,137
Loans/Notes receivable	1,008,117	-	1,008,117
Prepaid items	28,672	68,000	96,672
<b>Total current assets</b>	<b>3,775,656</b>	<b>4,063,188</b>	<b>7,838,844</b>
<b>Noncurrent assets:</b>			
Capital assets:			
Nondepreciable	811,240	2,505,908	3,317,148
Depreciable	3,989,931	20,794,103	24,784,034
<b>Total noncurrent assets</b>	<b>4,801,171</b>	<b>23,300,011</b>	<b>28,101,182</b>
<b>Total assets</b>	<b>\$ 8,576,827</b>	<b>\$ 27,363,199</b>	<b>\$ 35,940,026</b>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 80,813	\$ 76,163	\$ 156,976
Interest payable	-	84,740	84,740
Deposits payable	-	84,482	84,482
Compensated absences - current portion	3,634	3,582	7,216
Due within one year	-	311,823	311,823
<b>Total current liabilities</b>	<b>84,447</b>	<b>560,790</b>	<b>645,237</b>
<b>Noncurrent liabilities:</b>			
Long-term liabilities:			
Compensated absences	32,710	32,238	64,948
Due after one year	-	6,893,939	6,893,939
<b>Total noncurrent liabilities</b>	<b>32,710</b>	<b>6,926,177</b>	<b>6,958,887</b>
<b>Total liabilities</b>	<b>117,157</b>	<b>7,486,967</b>	<b>7,604,124</b>
<b>NET POSITION</b>			
Net investment in capital assets	4,801,171	16,406,072	21,207,243
Restricted	350,064	-	350,064
Unrestricted	3,308,435	3,470,160	6,778,595
<b>Total net position</b>	<b>8,459,670</b>	<b>19,876,232</b>	<b>28,335,902</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 8,576,827</b>	<b>\$ 27,363,199</b>	<b>\$ 35,940,026</b>

The accompanying notes are an integral part of these basic financial statements.

**City of Rio Dell, California**  
**Statement of Activities**  
**For the year ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 391,694	35,308	83,959	\$ -
Public safety - Police	669,547	-	148,747	-
Planning and public works	214,838	129,111	126,671	8,851
Building	59,994	-	-	-
Recycling	7,490	-	-	-
Total governmental activities	1,343,563	164,419	359,377	8,851
Business-type activities:				
Sewer	1,542,953	1,437,910	-	-
Water	1,099,863	1,001,931	-	188,036
Total business-type activities	2,642,816	2,439,841	-	188,036
<b>Total primary government</b>	<b>\$ 3,986,379</b>	<b>\$ 2,604,260</b>	<b>\$ 359,377</b>	<b>\$ 196,887</b>

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales taxes

Transient occupancy taxes

Gas taxes

Franchise taxes

Other taxes

Intergovernmental:

State motor vehicle in-lieu tax (MVLF)

Use of money and property

Contributed capital

Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position:

Beginning of year

End of year

The accompanying notes are an integral part of these basic financial statements.



**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (272,427)	\$ -	\$ (272,427)
(520,800)	-	(520,800)
49,795	-	49,795
(59,994)	-	(59,994)
(7,490)	-	(7,490)
<u>(810,916)</u>	<u>-</u>	<u>(810,916)</u>
-	(105,043)	(105,043)
-	90,104	90,104
-	<u>(14,939)</u>	<u>(14,939)</u>
<u>(810,916)</u>	<u>(14,939)</u>	<u>(825,855)</u>
127,913	-	127,913
486,594	-	486,594
9,328	-	9,328
144,878	-	-
88,045	-	88,045
33,868	-	33,868
384,193	-	572,229
64,031	44,130	108,161
-	207,471	207,471
46,149	67,802	113,951
<u>1,384,999</u>	<u>319,403</u>	<u>1,704,402</u>
5,834	(5,834)	-
<u>1,390,833</u>	<u>313,569</u>	<u>1,704,402</u>
579,917	298,630	878,547
7,879,753	19,577,602	27,457,355
<u>\$ 8,459,670</u>	<u>\$ 19,876,232</u>	<u>\$ 28,335,902</u>

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**FUND FINANCIAL STATEMENTS**  
**MAJOR FUNDS**

<b>Fund</b>	<b>Description</b>
<b>Governmental Funds:</b>	Governmental funds are used for taxes and grants.
General	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
CDBG Housing Special Revenue	Accounts for activities related to housing and the related CDBG funding.

**City of Rio Dell, California**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	Major Funds			
	General Fund	CDBG Special Revenue	Nonmajor Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 1,621,756	\$ 137,035	\$ 504,833	\$ 2,263,624
Receivables:				
Interest	5,542	-	1,742	7,284
Intergovernmental	-	-	31,008	31,008
Loans/Notes receivable	-	1,008,117	-	1,008,117
Other receivable	363,262	-	73,689	436,951
Due from other funds	79,718	-	-	79,718
Prepaid items	28,672	-	-	28,672
Total assets	\$ 2,098,950	\$ 1,145,152	\$ 611,272	\$ 3,855,374
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 78,029	\$ -	\$ 2,784	\$ 80,813
Due to other funds	-	-	79,718	79,718
Total liabilities	78,029	-	82,502	160,531
Deferred inflows of resources:				
Unavailable revenue	-	1,007,490	-	1,007,490
Total deferred inflows of resources:	-	1,007,490	-	1,007,490
Total Liabilities and deferred inflows	78,029	1,007,490	82,502	1,168,021
Fund balances:				
Nonspendable	28,672	-	-	28,672
Restricted	-	137,662	212,402	350,064
Assigned	-	-	318,129	318,129
Unassigned (Deficit)	1,992,249	-	(1,761)	1,990,488
Total fund balances	2,020,921	137,662	528,770	2,687,353
Total liabilities, deferred inflows and fund balances	\$ 2,098,950	\$ 1,145,152	\$ 611,272	\$ 3,855,374

The accompanying notes are an integral part of these basic financial statements.

**City of Rio Dell, California**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2019**

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<b>Total fund balances - total governmental funds</b>	<b>\$ 2,687,353</b>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	4,801,171
--	-----------

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences	(36,344)
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Governmental funds notes receivable from various loan programs are deferred under the current financial resources measurement focus. The notes receivable are recognized in the government-wide Statement of Net Position under the accrual basis of accounting.	1,007,490
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<b>Net Position of governmental activities</b>	<b><u>\$ 8,459,670</u></b>
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The accompanying notes are an integral part of these basic financial statements.

# City of Rio Dell, California

## Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

### Governmental Activities

June 30, 2019

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Current assets:</b>				
Cash and investments	\$ 2,263,624	\$ -	\$ -	\$ 2,263,624
Receivables:				
Interest	7,284	-	-	7,284
Intergovernmental	31,008	-	-	31,008
Loans/Notes receivable	1,008,117	-	-	1,008,117
Other receivable	436,951	-	-	436,951
Prepaid items	28,672	-	-	28,672
<b>Total current assets</b>	<b>3,855,374</b>	<b>(79,718)</b>	<b>-</b>	<b>3,775,656</b>
<b>Noncurrent assets:</b>				
Capital assets, net	-	-	4,801,171	4,801,171
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>4,801,171</b>	<b>4,801,171</b>
<b>Total assets</b>	<b>3,855,374</b>	<b>(79,718)</b>	<b>4,801,171</b>	<b>8,576,827</b>
<b>Deferred outflows of resources:</b>				
Pension Plan	-	-	-	-
<b>Total assets and deferred outflows of resources</b>	<b>\$ 3,855,374</b>	<b>\$ (79,718)</b>	<b>\$ 4,801,171</b>	<b>\$ 8,576,827</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 80,813	\$ -	\$ -	\$ 80,813
Due to other funds	79,718	(79,718)	-	-
Compensated absences - current portion	-	-	3,634	3,634
<b>Total current liabilities</b>	<b>160,531</b>	<b>(79,718)</b>	<b>3,634</b>	<b>84,447</b>
<b>Noncurrent liabilities:</b>				
Long-term liabilities:				
Compensated absences	-	-	32,710	32,710
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>32,710</b>	<b>32,710</b>
<b>Total liabilities</b>	<b>160,531</b>	<b>(79,718)</b>	<b>36,344</b>	<b>117,157</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	1,007,490	-	(1,007,490)	-
<b>Total liabilities and deferred inflows of resources:</b>	<b>1,168,021</b>	<b>(79,718)</b>	<b>(971,146)</b>	<b>117,157</b>
<b>FUND BALANCES/NET POSITION</b>				
<b>Fund balances:</b>				
Nonspendable	28,672	(28,672)	-	-
Restricted	350,064	(350,064)	-	-
Assigned	318,129	(318,129)	-	-
Unassigned (deficit)	1,990,488	(1,990,488)	-	-
<b>Net position:</b>				
Net investment in capital assets	-	-	4,801,171	4,801,171
Restricted	-	-	350,064	350,064
Unrestricted	-	2,687,353	621,082	3,308,435
<b>Total fund balances/net position</b>	<b>2,687,353</b>	<b>-</b>	<b>5,772,317</b>	<b>8,459,670</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 3,855,374</b>	<b>\$ (79,718)</b>	<b>\$ 4,801,171</b>	<b>\$ 8,576,827</b>

The accompanying notes are an integral part of these basic financial statements.

# City of Rio Dell, California

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

For the year ended June 30, 2019

	Major Funds			
	General Fund	CDBG Special Revenue	Other Governmental Funds	Totals
<b>REVENUES:</b>				
Property taxes	\$ 161,781	\$ -	\$ -	\$ 161,781
Sales taxes	486,594	-	-	486,594
Occupancy taxes	9,328	-	-	9,328
Gas tax	-	-	144,878	144,878
Intergovernmental	393,358	83,959	417,851	895,168
Licenses, permits, and franchise fees	130,691	-	121,773	252,464
Interest and use of property	42,035	16,505	4,704	63,244
Miscellaneous	46,112	-	824	46,936
<b>Total revenues</b>	<b>1,269,899</b>	<b>100,464</b>	<b>690,030</b>	<b>2,060,393</b>
<b>EXPENDITURES:</b>				
Current:				
General government	248,356	45,143	27,168	320,667
Public safety - Police	459,190	-	147,747	606,937
Planning and public works	131,884	-	196,356	328,240
Building	-	-	59,994	59,994
Housing and Community Development	-	-	-	-
Recycling	-	-	7,490	7,490
Capital outlay	86,055	-	92,452	178,507
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>925,485</b>	<b>45,143</b>	<b>531,207</b>	<b>1,501,835</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>344,414</b>	<b>55,321</b>	<b>158,823</b>	<b>558,558</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer to fiduciary activities	(8,745)	-	-	(8,745)
Transfers in	-	-	18,300	18,300
Transfers out	(11,007)	-	(1,459)	(12,466)
<b>Total other financing sources (uses)</b>	<b>(19,752)</b>	<b>-</b>	<b>16,841</b>	<b>(2,911)</b>
<b>Net change in fund balances</b>	<b>324,662</b>	<b>55,321</b>	<b>175,664</b>	<b>555,647</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,696,259	82,341	353,106	2,131,706
End of year	\$ 2,020,921	\$ 137,662	\$ 528,770	\$ 2,687,353

The accompanying notes are an integral part of these basic financial statements.



# City of Rio Dell, California

## Reconciliation of Fund Basis Statements to Government-wide Statement of Activities

For the year ended June 30, 2019

Functions/Programs	Fund Based Totals	Compensated Absences/ Debt Service	Depreciation	Capital Asset (Additions)/ Retirements	Other	Government- wide Totals
<b>Governmental activities:</b>						
General government	\$ 320,667	\$ 14,157	\$ 48,125	\$ -	\$ 8,745	\$ 391,694
Public safety - Police	606,937		62,610	-	-	669,547
Planning and public works	328,240	-	55,616	(169,018)		214,838
Building	59,994	-	-	-	-	59,994
Recycling	7,490	-	-	-	-	7,490
Capital outlay	178,507	-	-	(178,507)	-	-
<b>Total governmental activities</b>	<b>\$ 1,501,835</b>	<b>\$ 14,157</b>	<b>\$ 166,351</b>	<b>\$ (347,525)</b>	<b>\$ 8,745</b>	<b>\$ 1,343,563</b>

The accompanying notes are an integral part of these basic financial statements.



## City of Rio Dell, California

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the year ended June 30, 2019

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Net change in fund balances - total governmental funds	\$	555,647
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$	347,525	
Depreciation expense		<u>(166,351)</u>	181,174

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued.

(142,747)

Change in Net Position of governmental activities

\$ 579,917

The accompanying notes are an integral part of these basic financial statements.

# City of Rio Dell, California

## Statement of Revenues, Expenditures, and Changes in Fund Balances -

### Budget to Actual - Major Funds

For the year ended June 30, 2019

	General Fund			Variance w/Final
	Budgeted Amounts		Actual	Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	124,439	124,439	161,781	\$ 37,342
Sales taxes	387,243	387,243	486,594	99,351
Occupancy taxes	13,152	13,152	9,328	(3,824)
Intergovernmental	373,105	382,270	393,358	11,088
Licenses, permits, and franchise fees	113,226	113,226	130,691	17,465
Interest and use of property	22,553	22,553	42,035	19,482
Miscellaneous	1,760	1,760	46,112	44,352
Total revenues	1,035,478	1,044,643	1,269,899	225,256
EXPENDITURES:				
Current:				
General government	262,926	263,894	248,356	15,538
Public safety - Police	843,962	856,010	459,190	396,820
Planning and public works	87,707	148,648	131,884	16,764
Building	210	210	-	210
Capital outlay	204,017	154,017	86,055	67,962
Total expenditures	1,398,822	1,422,779	925,485	497,294
REVENUES OVER (UNDER) EXPENDITURES	(363,344)	(378,136)	344,414	722,550
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(19,752)	(19,752)
Total other financing sources (uses)	-	-	(19,752)	(19,752)
Net change in fund balances	(363,344)	(378,136)	324,662	702,798
FUND BALANCES:				
Beginning of year	1,696,259	1,696,259	1,696,259	-
End of year	\$ 1,332,915	\$ 1,318,123	\$ 2,020,921	\$ 702,798

The accompanying notes are an integral part of these basic financial statements.

CDBG Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)
-	-	-	\$ -
-	-	-	-
-	-	-	-
3,174	3,549	83,959	80,410
-	-	-	-
-	-	16,505	16,505
-	-	-	-
3,174	3,549	100,464	96,915
4,798	5,173	45,143	(39,970)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
4,798	5,173	45,143	(39,970)
(1,624)	(1,624)	55,321	56,945
-	-	-	-
-	-	-	-
(1,624)	(1,624)	55,321	56,945
82,341	82,341	82,341	-
\$ 80,717	\$ 80,717	\$ 137,662	\$ 56,945

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## ENTERPRISE FUNDS

Fund	Description
<b>Major Funds:</b>	
Sewer Fund	Accounts for the operation and maintenance of the City's wastewater treatment plant and collection facilities.
Water Fund	Accounts for the operation and maintenance of the City's water treatment and distribution system.

**City of Rio Dell, California**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 1,988,001	\$ 1,543,169	\$ 3,531,170
Receivables:			
Accounts	133,440	144,046	277,486
Intergovernmental	-	174,395	174,395
Interest	6,634	5,503	12,137
Prepaid	-	68,000	68,000
<b>Total current assets</b>	<u>2,128,075</u>	<u>1,935,113</u>	<u>4,063,188</u>
<b>Noncurrent assets:</b>			
Capital assets, net	13,566,603	9,733,408	23,300,011
<b>Total noncurrent assets</b>	<u>13,566,603</u>	<u>9,733,408</u>	<u>23,300,011</u>
<b>Total Assets</b>	<u>\$ 15,694,678</u>	<u>\$ 11,668,521</u>	<u>\$ 27,363,199</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 7,161	\$ 69,002	\$ 76,163
Interest payable	84,740	-	84,740
Deposits payable	49,400	35,082	84,482
Compensated absences - current portion	1,670	1,912	3,582
Due within one year	175,823	136,000	311,823
<b>Total current liabilities</b>	<u>318,794</u>	<u>241,996</u>	<u>560,790</u>
<b>Noncurrent liabilities:</b>			
Compensated absences	15,029	17,209	32,238
Due after one year	5,601,939	1,292,000	6,893,939
<b>Total noncurrent liabilities</b>	<u>5,616,968</u>	<u>1,309,209</u>	<u>6,926,177</u>
<b>Total liabilities</b>	<u>5,935,762</u>	<u>1,551,205</u>	<u>7,486,967</u>
<b>Net Position:</b>			
Net investment in capital assets	7,964,664	8,441,408	16,406,072
Unrestricted	1,794,252	1,675,908	3,470,160
<b>Total net position</b>	<u>9,758,916</u>	<u>10,117,316</u>	<u>19,876,232</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 15,694,678</u>	<u>\$ 11,668,521</u>	<u>\$ 27,363,199</u>

The accompanying notes are an integral part of these basic financial statements.

# City of Rio Dell, California

## Statement of Revenues, Expenses, and Changes in Fund Net Position

### Proprietary Funds

For the year ended June 30, 2019

	Sewer Fund	Water Fund	Totals
<b>OPERATING REVENUES:</b>			
Charges for service	1,260,250	879,355	\$ 2,139,605
Connection fees	151,381	86,400	237,781
Late fees	26,279	36,176	62,455
<b>Total operating revenues</b>	<b>1,437,910</b>	<b>1,001,931</b>	<b>2,439,841</b>
<b>OPERATING EXPENSES:</b>			
Current operations:			
General government	271,966	220,452	492,418
Public works	579,137	631,213	1,210,350
Depreciation	563,478	248,198	811,676
<b>Total operating expenses</b>	<b>1,414,581</b>	<b>1,099,863</b>	<b>2,514,444</b>
<b>OPERATING INCOME</b>	<b>23,329</b>	<b>(97,932)</b>	<b>(74,603)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Miscellaneous	130	63,965	64,095
Intergovernmental revenues (expenses)	-	188,036	188,036
Bad debt recovery (expense)	1,458	2,249	3,707
Interest revenue	26,916	17,214	44,130
Interest expense	(128,372)	-	(128,372)
Contributed capital	-	207,471	207,471
<b>Total non-operating revenues, net</b>	<b>(99,868)</b>	<b>478,935</b>	<b>379,067</b>
<b>NET INCOME BEFORE TRANSFERS</b>	<b>(76,539)</b>	<b>381,003</b>	<b>304,464</b>
Transfers in	(2,917)	(2,917)	(5,834)
Transfers out	-	-	-
<b>Total transfers</b>	<b>(2,917)</b>	<b>(2,917)</b>	<b>(5,834)</b>
<b>CHANGE IN NET POSITION</b>	<b>(79,456)</b>	<b>378,086</b>	<b>298,630</b>
<b>NET POSITION:</b>			
Beginning of year	9,838,372	9,739,230	19,577,602
End of year	<u>\$ 9,758,916</u>	<u>\$ 10,117,316</u>	<u>\$ 19,876,232</u>

The accompanying notes are an integral part of these basic financial statements.

**City of Rio Dell, California**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2019**

	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers/users for services provided	\$ 1,463,851	\$ 940,982	\$ 2,404,833
Cash payments to suppliers for goods and services	(445,976)	(457,125)	(903,101)
Cash payments to employees for services	(407,431)	(395,025)	(802,456)
Net cash provided by operating activities	610,444	88,832	699,276
<b>CASH FLOWS FROM NONCAPITAL FINANCING</b>			
Receipts from miscellaneous	130	63,965	64,095
Other non-operating payments	(1,458)	188,036	186,578
Net cash used by noncapital financing activities	(1,328)	252,001	250,673
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital grants received	-	207,471	207,471
Acquisition and construction of capital assets	(183,274)	(119,117)	(302,391)
Principal paid on long term debt	(202,038)	(136,000)	(338,038)
Interest paid on long term debt	(130,896)	-	(130,896)
Net cash (used) by capital and related financing activities	(516,208)	(47,646)	(563,854)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	20,282	11,711	31,993
Net cash provided by investing activities	20,282	11,711	31,993
Net increase (decrease) in cash and cash equivalents	113,190	304,898	418,088
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	1,874,811	1,238,271	3,113,082
End of year	\$ 1,988,001	\$ 1,543,169	\$ 3,531,170
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>			
Operating income	\$ 23,329	\$ (97,932)	\$ (74,603)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	563,478	248,198	811,676
(Increase) decrease in current assets:			
Accounts receivable	(4,059)	(27,006)	(31,065)
Assessments	30,000	-	30,000
Intergovernmental receivables	-	(33,943)	(33,943)
Prepaid items	-	(68,000)	(68,000)
Increase (decrease) in liabilities:			
Accounts payable	(10,694)	57,407	46,713
Deposits payable	2,505	2,451	4,956
Compensated absences	5,885	7,657	13,542
Net cash provided by operating activities	\$ 610,444	\$ 88,832	\$ 699,276

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2019.

The accompanying notes are an integral part of these basic financial statements.



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## FIDUCIARY ACTIVITIES

Fund	Description
Agency Fund	Used to account for assets held for distribution by the City as an agent for another entity.

**City of Rio Dell, California**  
**Statement of Fiduciary Net Position**  
**Fiduciary Activities**  
**June 30, 2019**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 30,762
Interest receivable	<u>86</u>
<b>Total assets</b>	<u>30,848</u>
<b>LIABILITIES</b>	
Deposits in trust - due to others	\$ 30,848
<b>Total Liabilities</b>	<u><u>30,848</u></u>

The accompanying notes are an integral part of these basic financial statements.

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Rio Dell (the City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting principles are described below.

***Financial Reporting Entity***

The City is a general law City incorporated in the State of California on February 26, 1965. The City is governed by an elected, five-member City Council. The following services are provided by the City to its citizens: public safety (police); highways and streets; drinking water; wastewater collection, treatment and disposal; public improvements; parks and recreation; planning and zoning; and general administrative services.

The City operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The City's main funding sources include sales taxes, other intergovernmental revenue from state and federal sources, user fees, and federal and state financial assistance.

The financial reporting entity consists of (a) the primary government, the City, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the City has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the City.

As required by GAAP, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. These component units are reported on a blended basis. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The financial statements of the individual component units, if applicable as indicated below, may be obtained by writing to the City of Rio Dell, Finance Department, 675 Wildwood Ave., Rio Dell, CA 95562.

***Description of Joint Powers Agreements***

The City participates in several joint power agreements (JPAs) as described in Note 11. The financial activities of the JPAs are not included in the accompanying basic financial statements because JPAs are administered by governing boards that are separate from and independent of the City.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Basis of Presentation***

***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The City reports the following major funds:

- General Fund
- CDBG Special Revenue Fund



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Basis of Presentation, Continued***

Descriptions of these funds are included on the divider page preceding the Governmental Funds Balance Sheet.

The funds of the financial reporting entity are described below:

**Governmental Funds**

***General Fund***

The General Fund is used to account for resources traditionally associated with the City which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the City's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

***Special Revenue Funds***

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

***Capital Project Funds***

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

**Proprietary Funds**

***Enterprise Funds***

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

**Fiduciary Funds**

***Agency Funds***

Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Measurement Focus***

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net position and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net position, which serves as an indicator of financial position.

In the fund financial statements, the "current financial resources" measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The enterprise funds and private purpose trust funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Enterprise fund and private purpose trust funds equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

***Basis of Accounting***

The government-wide, proprietary and fiduciary funds financial statements required by GASB Statement No. 34 are reported using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred.

The governmental fund financial statements are accounted for on a spending or "current financial resources" measurement focus, and the modified accrual basis of accounting. Accordingly, only current assets and liabilities (except for long-term advances from the City) are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Basis of Accounting, Continued***

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after fiscal year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, intergovernmental revenues, other taxes and investment earnings. Fines, licenses and permits, and charges for services are not susceptible to accrual because they are not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost- reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving value in exchange, include taxes, grants, entitlements and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

***Assets, Liabilities, and Equity***

**Cash Deposits and Investments**

The City pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City's investment policy and section 53601 of the California Government Code allow the following investments:

- a) Certificates of Deposit;
- b) Obligations of the State of California.

The City does not enter into reverse repurchase agreements.

The City's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end if material, and it includes the effects of these adjustments in income for that fiscal year.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Assets, Liabilities, and Equity, Continued***

The City places certain funds with the State of California's Local Agency Investment Fund (LAIF). The City is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the City's investment in this pool is reported in the accompanying financial statements based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investments are collateralized mortgage obligations, mortgage backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capitol Mall, Suite 110, Sacramento, CA 95814.

**Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net position. See Note 9 for details of interfund transactions, including receivables and payables at year-end.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, utility user taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, utility user tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Assets, Liabilities, and Equity, Continued***

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. The loans are recognized when advanced in the government-wide statements. The City's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

**Inventory**

The City does not record and maintain inventory records of unused materials and supplies for the various funds. Inventories are considered immaterial and materials and supplies are currently expensed.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are offset with a reservation of fund balance for long-term assets to indicate they do not constitute current resources available for appropriation.

**Capital Assets**

The City's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

***Government-Wide Statements***

Public domain (infrastructure) capital assets include roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, and lighting systems.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. No depreciation is recorded in the year of acquisition or in the year of disposition.



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Assets, Liabilities, and Equity, Continued***

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	5 – 50 years	Landscaping	30 years
Roadway improvements	50 years	Signage	25 years
Sidewalks, curbs, and gutters	50 years	Leasehold improvements	5 years
Storm drain pipes/structures	50 years	Machinery and equipment	3 – 5 years
Traffic signal devices	5 – 40 years	Vehicles	3 years

***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, deferred inflows on the City's CDBG loans reported in the governmental funds balance sheet.

**Compensated Absences**

Full time employees accumulate earned vacation, holiday and compensated leave of varying amounts dependent upon length of service with the City. These amounts are deemed fully vested with the employee when earned. The City also provides full time employees with sick leave that generally must be used for sickness and injury-related leave time.

The City does not currently provide post-employment benefits.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Assets, Liabilities, and Equity, Continued***

**Unearned Revenues**

Unearned revenues in governmental funds arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues in enterprise funds and the statement of net position arise when resources are received by the City before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenses).

**Equity Classification**

***Government-Wide Statements***

Equity is classified as net position and is displayed in three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* – consists of net position with constraints placed on the use by external groups such as creditors, grantors, contributors, or bylaws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

***Fund Financial Statements***

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

***Nonspendable Fund Balance –***

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

**City of Rio Dell, California**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

**Equity Classification, Continued**

*Fund Financial Statements, continued*

***Restricted Fund Balance –***

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

***Committed Fund Balance –***

- Self imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.
- Council resolution is required to be taken to establish, modify or rescind a fund balance commitment

***Assigned Fund Balance –***

- Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- Assigned amounts for a specific purpose are as authorized by the City's Finance Director through its fund balance policy.

***Unassigned Fund Balance –***

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

***Revenues, Expenditures, and Expenses***

**Property Tax**

The County of Humboldt (the County) assesses properties, bills for, collects, and distributes property taxes for the City per the following schedule:

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/Levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10, April 10	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the City does not levy a specific tax rate but receives a share of the property tax revenue based on a State formula. The City's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, the State passed legislation which permanently shifted an additional amount of property taxes from cities to schools. This amount was partially offset by one-time payments by the State to cities from the State "Transportation Planning and Development" allocation. Also during 1993- 94, an alternate method of property tax allocation (the "Teeter Plan") was adopted. Under this plan, the City receives 100 percent of the secured property tax levied to which it is entitled, whether or not collected.

Unsecured delinquent taxes are considered fully collectible and no allowance for uncollectible taxes is provided. Property tax revenues are recognized when they become available. "Available" means due, or past due, and receivable within the current period and collected or expected to be collected soon enough thereafter to be used to pay liabilities for the current period. This period is 60 days from the end of the fiscal year.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued***

**Interfund Transfers**

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

***Budgetary Accounting***

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2015. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

**Reclassifications**

Certain amounts have been reclassified to provide for comparable results on a year to year basis.



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**2. CASH AND INVESTMENTS**

Pooled Cash and Investments

The City pools cash from all sources and funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Categorization of Credit Risk of Securities Instruments

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City's fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as custodian of all City managed investments, regardless of their form.

At June 30, 2019, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	Maturities (in years)			Deposits	Fair Market Value
	<1	1 to 3	3 to 5		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value					
Cash in bank	\$ -	\$ -	\$ -	\$ 2,771,469	\$ 2,771,469
Petty cash	-	-	-	1,250	1,250
Total pooled items	-	-	-	2,772,719	2,772,719
<u>Pooled investments, at fair value</u>					
State of California Local Agency Investment Fund	3,052,837	-	-	-	3,052,837
Total pooled investments - interest obligations	3,052,837	-	-	-	3,052,837
Total cash equivalents and investments pooled	\$ 3,052,837	\$ -	\$ -	\$ 2,772,719	\$ 5,825,556
<b>Amounts reported in:</b>					
Governmental activities					\$ 2,263,624
Business-type activities					3,531,170
Fiduciary activities					30,762
Total					<u>\$ 5,825,556</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>
State of California Local Agency Investment Fund	\$ 3,052,837	-
Total fair value	<u>\$ 3,052,837</u>	
Portfolio weighted average maturity		-

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**2. CASH AND INVESTMENTS, *continued***

*Interest rate risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

*Credit risk* – Custodial credit risk for investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in LAIF and the fiscal agent money market funds are not evidenced by specific securities and, therefore, are not subject to custodial credit risk.

*Concentration of credit risk* – The City's investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government's total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested 1.77% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

*Custodial credit risk – deposits.* For deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's Investment Policy addresses custodial credit risk, which follows the Government Code.

At June 30, 2019, the carrying amount of the City's deposits was \$2,771,469 and the balances in financial institutions were \$2,794,395. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$2,544,395 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2019, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the City's name and places the City ahead of general creditors of the institution.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**2. CASH AND INVESTMENTS, continued**

*Custodial credit risk – investments.* For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

**Investment in LAIF**

The City is a voluntary participant in California Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section under the oversight of the Local Investment Advisory Board (Board). The Board consists of five members as designated by state statute and is chaired by the State Treasurer who is responsible for day to day administration of LAIF. The total amount invested by all public agencies as of June 30, 2019 was \$24,584,685,279 of which the City had a balance of \$3,052,837. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2019 has a portfolio with market valuation of \$106,046,486 thousand. Of the total invested, 98.23% was invested in non-derivative financial products and 1.77% in structured notes and asset-backed securities. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2019:

	Receivables
Governmental Activities	
Accounts receivable	\$ 475,243
	<u>\$ 475,243</u>
Business-type activities	
Accounts receivable	\$ 277,486
Intergovernmental	174,395
Interest	12,137
	<u>\$ 464,018</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	18.57%
Individuals/Business	80.14%
Financial Institutions	1.29%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business or agency.

**4. LOANS AND NOTES RECEIVABLE**

The City engages in programs designed to encourage business enterprises, construction or improvement in low-to-moderate income housing, or other projects. Under these programs, grants or loans are provided with favorable terms to businesses, homeowners or developers who agree to spend these funds in accordance with the City's terms.

Loans and notes receivable for the year ended June 30, 2019, consisted of the following:

	Beginning July 1, 2018	Additions	Deletions	Ending June 30, 2019
Housing Rehabilitation and Affordable Housing Notes	\$ 1,150,864	\$ -	\$ (142,747)	\$ 1,008,117
Total loans receivable	<u>\$ 1,150,864</u>	<u>\$ -</u>	<u>\$ (142,747)</u>	<u>\$ 1,008,117</u>

**Housing Rehabilitation, Business Enterprise and Affordable Housing**

The City has provided loans to various homeowners and businesses for rehabilitation. The maximum loan amount is \$100,000, carrying various interest rates and payment dates. Although these notes are expected to be repaid in full, their balance has been offset by deferred revenue. Governmental funds report a deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**5. CAPITAL ASSETS**

Governmental capital asset activity for the year ended June 30, 2019, was as follows:

	Balance 7/1/2018	Additions	Retirements	Balance 6/30/2019
Capital assets (Not Depreciated)				
Land	\$ 627,945	\$ -	\$ -	\$ 627,945
Construction in progress	-	183,295	-	183,295
Total capital assets (not depreciated)	627,945	183,295	-	811,240
Capital assets (being depreciated)				
Buildings and improvements	349,739	6,683	-	356,422
Equipment	531,914	-	-	531,914
Vehicles	228,354	-	(40,543)	187,811
Streets and roads	1,946,002	157,638	-	2,103,640
Infrastructures	2,406,317	-	-	2,406,317
Total capital assets (being depreciated)	5,462,326	164,321	(40,543)	5,586,104
Less accumulated depreciation:				
Buildings and improvements	41,056	12,413	-	53,469
Equipment	507,946	4,285	-	512,231
Vehicles	147,912	62,609	(40,543)	169,978
Streets and roads	309,999	38,918	-	348,917
Infrastructure	463,452	48,126	-	511,578
Total accumulated depreciation	1,470,365	166,351	(40,543)	1,596,173
Governmental activities capital assets, net	\$ 4,619,906			\$ 4,801,171

Depreciation expense for capital assets was charged to functions as follows:

<u>Governmental-Type Activities</u>	
General Government	\$ 48,125
Public Safety	62,610
Planning and public works	55,616
Total Governmental Activities	<u>\$ 166,351</u>



**City of Rio Dell, California**  
**Basic Financial Statements**  
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**5. CAPITAL ASSETS, *continued***

Business-type capital asset activity for the year ended June 30, 2019, was as follows:

	Balance 7/1/2018	Additions	Retirements	Adjustments	Balance 6/30/2019
Capital assets (Not Depreciated)					
Land	\$ 507,859	\$ -	\$ -	\$ -	\$ 507,859
Construction in progress	1,998,049	-	-	(1,998,049)	-
Total capital assets (not depreciated)	2,505,908	-	-	(1,998,049)	507,859
Capital assets (being depreciated)					
Infrastructure	25,181,825	179,764	-	1,998,049	27,359,638
Buildings and Improvements	206,508	-	-	-	206,508
Equipments	1,245,855	26,874	-	-	1,272,729
Vehicles	91,385	95,084	-	-	186,469
Total capital assets (being depreciated)	26,725,573	301,722	-	1,998,049	29,025,344
Less accumulated depreciation:					
Infrastructure	4,172,567	757,641	-	-	4,930,208
Buildings and Improvements	179,627	8,598	-	-	188,225
Equipments	977,937	45,437	-	-	1,023,374
Vehicles	91,385	-	-	-	91,385
Total accumulated depreciation	5,421,516	811,676	-	-	6,233,192
Net depreciable assets	21,304,057	(509,954)	-	1,998,049	22,792,152
Total net capital assets	\$ 23,809,965	\$ (509,954)	\$ -	\$ -	\$ 23,300,011

Depreciation expense for Business-type capital assets was charged to functions and programs based on their usage of related assets. The amount allocated to each function on program are as follows:

<u>Business-Type Activities</u>	
Water	\$ 248,198
Sewer	563,478
Total Business-Type Activities	<u>\$ 811,676</u>

**City of Rio Dell, California**  
**Basic Financial Statements**  
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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2019:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 30,243	\$ 76,163	\$ 106,406
Accrued payroll and related liabilities	50,570	-	50,570
Total	<u>\$ 80,813</u>	<u>\$ 76,163</u>	<u>\$ 156,976</u>

These amounts resulted in the following concentrations in payables:

Vendors	68%
Employees	32%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

**7. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Original Issue Amount	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
<b>Governmental Activities:</b>						
Compensated absences	\$ -	\$ 22,187	\$ 14,157	\$ -	\$ 36,344	\$ 3,634
<b>Total governmental activities</b>	<u>\$ -</u>	<u>\$ 22,187</u>	<u>\$ 14,157</u>	<u>\$ -</u>	<u>\$ 36,344</u>	<u>\$ 3,634</u>
<b>Business-type activities</b>						
Safe Drinking Water Loan	\$ 2,720,000	\$ 1,564,000	\$ -	\$ (136,000)	\$ 1,428,000	\$ 136,000
FMHA Special Assessment Bonds	535,800	30,000	-	(30,000)	-	-
State of California Water						
Resources Control Board	6,980,359	5,949,800	-	(172,038)	5,777,762	175,823
<b>Total business-type activity debt</b>	<u>10,236,159</u>	<u>7,543,800</u>	<u>-</u>	<u>(338,038)</u>	<u>7,205,762</u>	<u>311,823</u>
Compensated absences	-	22,278	13,542	-	35,820	3,582
<b>Total business-type activities</b>	<u>\$ -</u>	<u>\$ 7,566,078</u>	<u>\$ 13,542</u>	<u>\$ (338,038)</u>	<u>\$ 7,241,582</u>	<u>\$ 315,405</u>

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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**7. LONG-TERM LIABILITIES, *continued***

***Governmental Activities***

**Compensated Absences**

The City records employee absences, such as vacation, illness, and holidays, for which it is expected that employees will be paid as compensated absences. Compensated absences had a balance of \$36,344 at June 30, 2019, of that amount \$3,634 is expected to be paid within a year. The net changes of the compensated absences are allocated to the public safety department on the Statement of Activities.

***Business-type Activities***

**Safe Drinking Water State Revolving Fund Loan**

In August 2005, the City entered into a loan agreement with the California Department of Health Services, Drinking Water and Environmental Services Division, for a loan in an amount up to \$2,720,000. The loan was subsequently funded by the Safe Drinking Water State Revolving Fund. The proceeds from the loan were used to assist in financing construction of a project that will enable the City to meet safe drinking water standards established under the Health and Safety Code and California Code of Regulations. The non-interest bearing loan calls for 50 equal semiannual payments due in July and January of each year, beginning in July 2009. At June 30, 2019, the balance of the note was \$1,428,000.

**Assessment Bonds**

In November 1978, the City borrowed \$535,800 through the issuance of bonds to finance improvements to the City's sewage collection system. The terms of an agreement with FMHA require semiannual payments of interest at 5 percent and annual payments of principal that increase from \$10,000 in the early years of the agreement to \$30,000 in the later years. The bonds matured in 2019.

**State of California Water Resources Control Board**

The City has obtained a loan from the California Department of Water Resources to finance an upgrade of the wastewater treatment plant to comply with State wastewater standards. The debt is required to be serviced through wastewater system user charges. The maximum loan amount is \$6,980,359. Principal and interest are payable annually on October 31. The rate of interest is 2.20%. The annual principal and interest payments are \$302,933 and continue through the fiscal year 2044.

**City of Rio Dell, California**  
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**7. LONG-TERM LIABILITIES, *continued***

**Debt Service**

Future debt service for Business-Type Activities at June 30, 2019, is as follows for all debt except compensated absences and claims liabilities:

Year Ending June 30,	Business-type Activities					
	Safe Drinking Water Loan		State of California Water Resources Control Board		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 136,000	\$ -	\$ 175,823	\$ 127,111	\$ 311,823	\$ 127,111
2021	136,000	-	179,691	123,243	315,691	123,243
2022	136,000	-	183,644	119,289	319,644	119,289
2023	136,000	-	187,684	115,249	323,684	115,249
2024	136,000	-	191,813	111,120	327,813	111,120
2025 - 2029	680,000	-	1,024,252	490,415	1,704,252	490,415
2030 - 2034	68,000	-	1,141,987	372,680	1,209,987	372,680
2035 - 2039	-	-	1,273,256	241,411	1,273,256	241,411
2040 - 2044	-	-	1,419,613	95,054	1,419,613	95,054
2045 - 2049	-	-	-	-	-	-
Total	<u>\$ 1,428,000</u>	<u>\$ -</u>	<u>\$ 5,777,763</u>	<u>\$ 1,795,572</u>	<u>\$ 7,205,763</u>	<u>\$ 1,795,572</u>
Due within one year	\$ 136,000	\$ -	\$ 175,823	\$ 127,111	\$ 311,823	\$ 127,111
Due after one year	<u>1,292,000</u>	<u>-</u>	<u>5,601,940</u>	<u>1,668,461</u>	<u>6,893,940</u>	<u>1,668,461</u>
Total	<u>\$ 1,428,000</u>	<u>\$ -</u>	<u>\$ 5,777,763</u>	<u>\$ 1,795,572</u>	<u>\$ 7,205,763</u>	<u>\$ 1,795,572</u>



**City of Rio Dell, California**  
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**8. NET POSITION/ FUND BALANCES**

**Net position**

	Governmental Activities	Business-type Activities	Total
Net investment in capital assets	\$ 4,801,171	\$ 16,406,072	\$ 21,207,243
Restricted	350,064	-	350,064
Unrestricted	3,308,435	3,470,160	6,778,595
Total	<u>\$ 8,459,670</u>	<u>\$ 19,876,232</u>	<u>\$ 28,335,902</u>

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

**Fund Balance**

Nonspendable and Restricted fund balance consisted of the following at June 30, 2019:

Nonspendable:	
Prepaid items	\$ 28,672
<b>Total Nonspendable</b>	<u>\$ 28,672</u>
Restricted:	
Governmental Funds:	
CDBG	\$ 137,662
Gas Tax	212,402
<b>Total Restricted</b>	<u>\$ 350,064</u>

The following describe the purpose of each nonspendable, restricted, and committed category used by the City:

**Nonspendable**

- **Prepaid Items** – represents nonspendable amounts classified as prepaid items.

**Restricted**

- **CDBG**– represents amounts restricted for the City’s CDBG housing activities as these programs are supported by specific grants requiring the restriction.
- **Gas Tax** – represents amounts restricted for street maintenance purposes as defined in Sections 2105, 2106, 2107 and 2107.5 of the Streets and Highway Code.



**City of Rio Dell, California**  
**Basic Financial Statements**  
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**8. NET POSITION/ FUND BALANCES, continued**

**Fund Balance Deficits**

Deficit fund balances consisted of the following:

	<u>As of</u> <u>June 30, 2019</u>
<b>Nonmajor Special Revenue Funds:</b>	
Measure Z	\$ 495
STIP	1,266
<b>Total Nonmajor Funds</b>	<u>1,761</u>
<b>Total Fund Balance Deficits</b>	<u>\$ 1,761</u>

The above deficit fund balances have occurred due to the spending of funds prior to the receipt of revenues (cost reimbursements). The Fund balances will be restored in the near future as revenues are received.

**Excess of Expenditures and Transfers over Appropriations:**

Expenditures and transfers exceeded appropriations for the year ended June 30, 2019, for the following funds:

<u>Fund</u>	<u>Final</u> <u>Appropriations</u>	<u>Expenditures and</u> <u>Transfers</u>	<u>Excess</u>
<u>Major Funds</u>			
<u>Special Revenue Funds</u>			
CDBG	\$ 5,173	\$ 45,143	\$ (39,970)

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**9. INTERFUND TRANSACTIONS**

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Due to and due from other funds consisted of the following as of June 30, 2019:

	Due from Other Funds	Due to Other Funds
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 79,718	\$ -
Total Major Funds	79,718	-
<b>Nonmajor Funds:</b>		
ISTEA	-	39,708
Measure Z	-	7,736
STIP	-	32,274
Total Nonmajor Funds	-	79,718
Total Governmental Funds	79,718	79,718
Total Transfers	\$ 79,718	\$ 79,718

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

**9. INTERFUND TRANSACTIONS, CONTINUED**

Transfers consisted of the following at June 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Funds</u></b>		
<b>Major Funds:</b>		
General Fund	\$ -	\$ 11,007
Total Major Funds	-	11,007
<b>Nonmajor Funds:</b>		
<b>Special Revenue Funds</b>		
Gas Tax	-	1,459
Building	18,300	-
Total Nonmajor Funds	18,300	1,459
Total Governmental Funds	18,300	12,466
<b><u>Proprietary Funds</u></b>		
Sewer Fund	-	2,917
Water Fund	-	2,917
Total Proprietary Funds	-	5,834
<b>Total</b>	<b>\$ 18,300</b>	<b>\$ 18,300</b>

**10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Small Cities Organized Risk Effort Joint Powers Authority (SCORE). SCORE provides insurance coverage for general liability, property, and workers' compensation claims under the terms of a joint-powers agreement with the City and several other governmental municipalities.

SCORE is insured up to \$500,000 per general liability and \$1,000,000 per property claim and has purchased excess of loss insurance policies providing coverage above the self-insurance limit to a maximum of \$25,000,000. The City has a \$2,500 - \$50,000 deductible per claim for general liability, property and workers' compensation cases. When the deductible is met, SCORE becomes responsible for payment of the excess claim.

Payments for insurance claims are recorded as expenditures in the funds in which the liabilities were incurred. In accordance with GASB Statement No. 10, if the third party administrator, SCORE, does not insure the loss occurrence then the City shall accrue a loss, if probable and reasonably estimable. As of June 30, 2019, the City has no uninsured occurrences. The City has not used an actuary in determining the liability reserve if needed. Because the actual claim liabilities depend on such complex factors as inflation and changes in legal doctrines and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claims are evaluated periodically to take into account recently settled claims, the frequency of claims and other economic and social factors.



**City of Rio Dell, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2019**

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## **11. JOINT POWERS AGREEMENTS**

The City is a member of various joint powers authorities, which provide goods or services to the City and other authority members. Under the criteria established by GASB Statement No. 14, the City does not have sufficient authority, influence or accountability over these entities to incorporate them in this annual report. Additionally, the City has determined that it has no ongoing financial interest in or responsibility for any of these organizations as defined by GASB Statement No. 14. The names and general functions of these joint powers are as follows:

### Humboldt Transit Authority

Humboldt Transit Authority (HTA) was created as a separate legal entity by a joint powers agreement between Humboldt County and the Cities of Fortuna, Eureka, Arcata, Trinidad, and Rio Dell. The governing board consists of a city council member and an alternate member appointed from each participating city, as well as two board members and up to two alternate members appointed by the Humboldt County Board of Supervisors. HTA is responsible for adopting its own budget and has the power to incur debts, liabilities, or other obligations. On commencement of operations of HTA, the County contributed 50 percent of the initial equity, and the participating cities jointly contributed 50 percent based upon population data. The participants do not have an ongoing equity interest in HTA.

However, the participants do share operating costs of HTA, and the current share of the City of Rio Dell is 2.8 percent. During the year ended June 30, 2019, the City paid HTA \$40,646. At termination of the agreement, all surplus monies will be returned to the participants in proportion to the amounts received and property shall be divided in a manner agreed upon by the parties. Complete financial statements for Humboldt Transit Authority may be obtained at the offices of the Authority at 133 V Street, Eureka, California 95501.

### Hazardous Materials Response Authority

Hazardous Materials Response Authority (HMRA) was created as a separate legal entity by a joint powers agreement between the County of Humboldt, the County of Del Norte, and Cities of Eureka, Crescent City, Arcata, Blue Lake, Fortuna, Trinidad, and Rio Dell. (The City of Ferndale withdrew from the agreement during 1994-1995). The purpose of this joint venture is to pool resources of the participants to provide a united, coordinated, orderly, positive, and more effective means of aiding and assisting in the formulation, administration, implementation and maintenance of an area-wide hazardous materials response team.

HMRA is governed by a board of directors comprised of one member and an alternate appointed by each participant. It adopts its own budget and has the powers to incur debts, liabilities, or obligations. The City of Eureka is responsible for directing the operations of Hazardous Materials Response Teams and for the accounting of HMRA, and in return HMRA reimburses the City of Eureka for the costs of operation and accounting services.



## **11. JOINT POWERS AGREEMENTS, CONTINUED**

Upon commencement of HMRA, the participants agreed to contribute a proportionate share of the cost of operations based on population. The participants do not have an ongoing equity interest in HMRA. However, the participants do share the operating costs of HMRA, and the current share of the City of Rio Dell is 1.9 percent, based on population. During the year ended June 30, 2019, the City paid HMRA \$717. At termination of the agreement, all surplus monies will be returned to the participants in proportion of the amounts received by HMRA; property shall be divided in a manner agreed upon by the participants. Complete financial statements of HMRA are on file at the offices of the City of Eureka at 531 K Street, Eureka, California 95501.

### Redwood Region Economic Development Commission

Redwood Region Economic Development Commission (RREDC) was established on November 1, 1977, under a Joint Exercise of Powers Agreement among the nineteen public agencies within Humboldt County, including the City of Rio Dell. RREDC is a separate public entity created to aid, assist, and coordinate the formulation, administration, and implementation of the Economic Development Action Plan and Strategy for Humboldt County, and to assist in the implementation of economic development projects and programs to improve the quality of life in the area. RREDC is governed by one member and an alternate appointed by each participant. Complete financial statements for RREDC are on file at the offices of RREDC at 520 E Street, Eureka, California 95001.

## **12. DEFERRED COMPENSATION PLAN**

The City offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As explained previously, the City has adopted the provisions of GASB Statement No. 32 and, therefore, assets and liabilities of these plans have been excluded from the accompanying financial statements. For the fiscal year ended June 30, 2019, the City made contributions totaling \$129,694 to the plan.

## **13. COMMITMENTS AND CONTINGENCIES**

### *Litigation*

The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

### **13. COMMITMENTS AND CONTINGENCIES, CONTINUED**

#### ***Grants and Allocations***

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

#### ***Commitments***

The City had no significant unexpended contractual commitments as of June 30, 2019.

### **14. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 83, "*Certain Asset Retirement Obligations*." The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This statement had no effect on these financial statements.

The GASB has issued Statement No. 84, "*Fiduciary Activities*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

The GASB has issued Statement No. 87, "*Leases*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.



#### **14. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED**

The GASB has issued Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*" The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement had no effect on these financial statements.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 90, "*Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## NON-MAJOR SPECIAL REVENUE FUNDS

Fund	Description
Gas Tax	Accounts for funds received and expended for street maintenance purposes as defined in Sections 2105, 2106, 2107, and 2107.5 of the Streets and Highway Code.
TDA	Accounts for funds received and expended for transit, street, pedestrian and bike purposes in Accordance with the Transportation Development Act.
ISTEA	Accounts for funds received and expended in accordance with the Intermodal Surface Transportation Efficiency Act.
Solid Waste	Accounts for the City's portion of the Humboldt Waste Management Authority's tipping fees.
SLESF	Accounts for funds received to be used for public safety purposes.
Measure Z	Accounts for funds received and expended for Measure Z.
STIP	Accounts for funds received and expended in accordance with the State Transportation Improvement Program, a multi-year capital improvement program of transportation projects on and off the State Highway System.
Building	Accounts for funds received and expended for building maintenance purposes.
Recycling	Accounts for funds received and expended for recycling purposes.

**City of Rio Dell, California**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2019**

	Gas Tax	TDA	ISTEA	Solid Waste
<b>ASSETS</b>				
Cash and investments	\$ 201,389	\$ 69,757	\$ -	\$ 38,677
Receivables:				
Interest	670	282	-	129
Intergovernmental	-	-	-	-
Other receivable	11,023	-	54,158	1,169
<b>Total assets</b>	<b>\$ 213,082</b>	<b>\$ 70,039</b>	<b>\$ 54,158</b>	<b>\$ 39,975</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 680	\$ 311	\$ 135	\$ 1
Due to other funds	-	-	39,708	-
<b>Total liabilities:</b>	<b>680</b>	<b>311</b>	<b>39,843</b>	<b>1</b>
<b>Fund Balances:</b>				
Restricted	212,402	-	-	-
Assigned	-	69,728	14,315	39,974
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>212,402</b>	<b>69,728</b>	<b>14,315</b>	<b>39,974</b>
<b>Total liabilities deferred inflows and fund balances</b>	<b>\$ 213,082</b>	<b>\$ 70,039</b>	<b>\$ 54,158</b>	<b>\$ 39,975</b>



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SLESF	Measure Z	STIP	Building	Recycling	Totals
\$ 70,500	\$ -	\$ -	\$ 99,991	\$ 24,519	\$ 504,833
241	-	-	338	82	1,742
-	-	31,008	-	-	31,008
-	7,241	-	98	-	73,689
<u>\$ 70,741</u>	<u>\$ 7,241</u>	<u>\$ 31,008</u>	<u>\$ 100,427</u>	<u>\$ 24,601</u>	<u>\$ 611,272</u>

\$ -	\$ -	\$ -	\$ 1,657	\$ -	\$ 2,784
-	7,736	32,274	-	-	79,718
-	7,736	32,274	1,657	-	82,502

-	-	-	-	-	212,402
70,741	-	-	98,770	24,601	318,129
-	(495)	(1,266)	-	-	(1,761)
70,741	(495)	(1,266)	98,770	24,601	528,770
<u>\$ 70,741</u>	<u>\$ 7,241</u>	<u>\$ 31,008</u>	<u>\$ 100,427</u>	<u>\$ 24,601</u>	<u>\$ 611,272</u>

# City of Rio Dell, California

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Special Revenue Funds

For the year ended June 30, 2019

	Gas Tax	TDA	ISTEA	Solid Waste
<b>REVENUES:</b>				
Gas tax	\$ 144,878	\$ -	\$ -	\$ -
Intergovernmental	-	124,891	26,707	-
Licenses, permits, and franchise taxes	-	-	-	4,358
Interest and use of property	2,267	728	-	464
Miscellaneous	24	8	5	-
<b>Total revenues</b>	<b>147,169</b>	<b>125,627</b>	<b>26,712</b>	<b>4,822</b>
<b>EXPENDITURES:</b>				
Current:				
General government	20,659	6,509	-	-
Public safety - Police	-	-	-	-
Planning and public works	87,750	91,521	14,860	-
Building	5,282	2,990	-	-
Recycling	-	-	-	7,490
Capital outlay	9,139	90	-	-
<b>Total expenditures</b>	<b>122,830</b>	<b>101,110</b>	<b>14,860</b>	<b>7,490</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>24,339</b>	<b>24,517</b>	<b>11,852</b>	<b>(2,668)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	(1,459)	-	-	-
<b>Total other financing sources and uses</b>	<b>(1,459)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>22,880</b>	<b>24,517</b>	<b>11,852</b>	<b>(2,668)</b>
<b>FUND BALANCES (DEFICITS):</b>				
Beginning of year	189,522	45,211	2,463	42,642
End of year	<b>\$ 212,402</b>	<b>\$ 69,728</b>	<b>\$ 14,315</b>	<b>\$ 39,974</b>

SLESF	Measure Z	STIP	Building	Recycling	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,878
148,747	27,058	85,448	-	5,000	417,851
-	-	-	117,415	-	121,773
-	-	-	1,003	242	4,704
787	-	-	-	-	824
149,534	27,058	85,448	118,418	5,242	690,030
-	-	-	-	-	27,168
120,603	27,144	-	-	-	147,747
-	-	2,225	-	-	196,356
-	-	-	51,722	-	59,994
-	-	-	-	-	7,490
-	-	83,223	-	-	92,452
120,603	27,144	85,448	51,722	-	531,207
28,931	(86)	-	66,696	5,242	158,823
-	-	-	18,300	-	18,300
-	-	-	-	-	(1,459)
-	-	-	18,300	-	16,841
28,931	(86)	-	84,996	5,242	175,664
41,810	(409)	(1,266)	13,774	19,359	353,106
\$ 70,741	\$ (495)	\$ (1,266)	\$ 98,770	\$ 24,601	\$ 528,770

# City of Rio Dell, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Gas Tax Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Gas Tax	\$ 151,409	\$ 151,409	\$ 144,878	\$ (6,531)
Use of money and property	-	-	2,291	2,291
<b>Total revenues</b>	<u>151,409</u>	<u>151,409</u>	<u>147,169</u>	<u>(4,240)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	23,669	23,637	20,659	2,978
Planning and public works	89,576	88,989	87,750	1,239
Building	13,181	13,799	5,282	8,517
Capital outlay	24,850	25,050	9,139	15,911
<b>Total expenditures</b>	<u>151,276</u>	<u>151,475</u>	<u>122,830</u>	<u>28,645</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>133</u>	<u>(66)</u>	<u>24,339</u>	<u>24,405</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>133</u>	<u>(66)</u>	<u>24,339</u>	<u>24,405</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	<u>189,522</u>	<u>189,522</u>	<u>189,522</u>	<u>-</u>
End of year	<u>\$ 189,655</u>	<u>\$ 189,456</u>	<u>\$ 213,861</u>	<u>\$ 24,405</u>



# City of Rio Dell, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### TDA Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 124,891	\$ 124,891	\$ 124,891	\$ -
Interest and use of property	728	728	728	-
Miscellaneous	-	-	8	8
<b>Total revenues</b>	<u>125,619</u>	<u>125,619</u>	<u>125,627</u>	<u>8</u>
<b>EXPENDITURES:</b>				
Current:				
General government	12,561	12,545	6,509	6,036
Planning and public works	110,650	110,567	91,521	19,046
Building	3,199	3,298	2,990	308
Capital outlay	400	400	90	310
<b>Total expenditures</b>	<u>126,810</u>	<u>126,810</u>	<u>101,110</u>	<u>25,700</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(1,191)</u>	<u>(1,191)</u>	<u>24,517</u>	<u>25,708</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(1,191)</u>	<u>(1,191)</u>	<u>24,517</u>	<u>25,708</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	45,211	45,211	45,211	-
End of year	<u>\$ 44,020</u>	<u>\$ 44,020</u>	<u>\$ 69,728</u>	<u>\$ 25,708</u>

**City of Rio Dell, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**ISTEA Special Revenue Fund**

**For the year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 22,000	\$ 22,000	\$ 26,707	\$ 4,707
Miscellaneous	-	-	5	5
<b>Total revenues</b>	<u>22,000</u>	<u>22,000</u>	<u>26,712</u>	<u>4,712</u>
<b>EXPENDITURES:</b>				
Current:				
Planning and public works	<u>22,399</u>	<u>22,399</u>	<u>14,860</u>	<u>7,539</u>
<b>Total expenditures</b>	<u>22,399</u>	<u>22,399</u>	<u>14,860</u>	<u>7,539</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(399)</u>	<u>(399)</u>	<u>11,852</u>	<u>12,251</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(399)</u>	<u>(399)</u>	<u>11,852</u>	<u>12,251</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	<u>2,463</u>	<u>2,463</u>	<u>2,463</u>	<u>-</u>
End of year	<u>\$ 2,064</u>	<u>\$ 2,064</u>	<u>\$ 14,315</u>	<u>\$ 12,251</u>

# City of Rio Dell, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Solid Waste Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits, and franchise taxes	\$ 9,800	\$ 9,800	\$ 4,358	\$ (5,442)
Use of money and property	-	-	464	464
<b>Total revenues</b>	<u>9,800</u>	<u>9,800</u>	<u>4,822</u>	<u>(4,978)</u>
<b>EXPENDITURES:</b>				
Current:				
Recycling	4,292	7,492	7,490	2
<b>Total expenditures</b>	<u>4,292</u>	<u>7,492</u>	<u>7,490</u>	<u>2</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>5,508</u>	<u>2,308</u>	<u>(2,668)</u>	<u>(4,976)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>5,508</u>	<u>2,308</u>	<u>(2,668)</u>	<u>(4,976)</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	42,642	42,642	42,642	-
End of year	<u>\$ 48,150</u>	<u>\$ 44,950</u>	<u>\$ 39,974</u>	<u>\$ (4,976)</u>

**City of Rio Dell, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**SLESF Special Revenue Fund**

**For the year ended June 30, 2019**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 130,686	\$ 148,747	\$ 18,061
Miscellaneous	-	-	787	787
<b>Total revenues</b>	<u>100,000</u>	<u>130,686</u>	<u>149,534</u>	<u>18,848</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety - Police	89,918	120,604	120,603	1
<b>Total expenditures</b>	<u>89,918</u>	<u>120,604</u>	<u>120,603</u>	<u>1</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>10,082</u>	<u>10,082</u>	<u>28,931</u>	<u>18,849</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>10,082</u>	<u>10,082</u>	<u>28,931</u>	<u>18,849</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	41,810	41,810	41,810	-
<b>End of year</b>	<u>\$ 51,892</u>	<u>\$ 51,892</u>	<u>\$ 70,741</u>	<u>\$ 18,849</u>



# City of Rio Dell, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Measure Z Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 34,582	\$ 34,582	\$ 27,058	\$ (7,524)
Use of money and property	-	-	-	-
<b>Total revenues</b>	<u>34,582</u>	<u>34,582</u>	<u>27,058</u>	<u>(7,524)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety - Police	<u>34,582</u>	<u>34,582</u>	<u>27,144</u>	<u>7,438</u>
<b>Total expenditures</b>	<u>34,582</u>	<u>34,582</u>	<u>27,144</u>	<u>7,438</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>(86)</u>	<u>(86)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>(86)</u>	<u>(86)</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(409)	(409)	(409)	-
End of year	<u>\$ (409)</u>	<u>\$ (409)</u>	<u>\$ (495)</u>	<u>\$ (86)</u>

# City of Rio Dell, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### STIP Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts			Variance w/Final Positive (Negative)
	Original	Final	Actual	
<b>REVENUES:</b>				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 85,448	\$ (914,552)
<b>Total revenues</b>	<u>1,000,000</u>	<u>1,000,000</u>	<u>85,448</u>	<u>(914,552)</u>
<b>EXPENDITURES:</b>				
Current:				
Planning and public works	-	-	2,225	(2,225)
Capital outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>83,223</u>	<u>916,777</u>
<b>Total expenditures</b>	<u>1,000,000</u>	<u>1,000,000</u>	<u>85,448</u>	<u>914,552</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	(1,266)	(1,266)	(1,266)	-
End of year	<u>\$ (1,266)</u>	<u>\$ (1,266)</u>	<u>\$ (1,266)</u>	<u>\$ -</u>

# City of Rio Dell, California

## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Building Special Revenue Fund Budget

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses, permits, and franchise taxes	\$ 36,631	\$ 36,631	\$ 117,415	\$ 80,784
Interest and use of property	-	-	1,003	1,003
<b>Total revenues</b>	<u>36,631</u>	<u>36,631</u>	<u>118,418</u>	<u>81,787</u>
<b>EXPENDITURES:</b>				
Current:				
Building	<u>54,931</u>	<u>54,931</u>	<u>51,722</u>	<u>3,209</u>
<b>Total expenditures</b>	<u>54,931</u>	<u>54,931</u>	<u>51,722</u>	<u>3,209</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(18,300)</u>	<u>(18,300)</u>	<u>66,696</u>	<u>84,996</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	18,300	18,300
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>18,300</u>	<u>18,300</u>
<b>Net change in fund balances</b>	<u>(18,300)</u>	<u>(18,300)</u>	<u>84,996</u>	<u>103,296</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	<u>13,774</u>	<u>13,774</u>	<u>13,774</u>	<u>-</u>
End of year	<u>\$ (4,526)</u>	<u>\$ (4,526)</u>	<u>\$ 98,770</u>	<u>\$ 103,296</u>

# City of Rio Dell, California

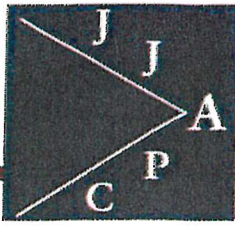
## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

### Recycling Special Revenue Fund

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Interest and use of property	-	-	242	242
<b>Total revenues</b>	<u>5,000</u>	<u>5,000</u>	<u>5,242</u>	<u>242</u>
<b>EXPENDITURES:</b>				
Current:				
Recycling	5,000	5,000	-	5,000
<b>Total expenditures</b>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>5,242</u>	<u>5,242</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>5,242</u>	<u>5,242</u>
<b>FUND BALANCES (DEFICIT):</b>				
Beginning of year	19,359	19,359	19,359	-
End of year	<u>\$ 19,359</u>	<u>\$ 19,359</u>	<u>\$ 24,601</u>	<u>\$ 5,242</u>





**JJACPA, Inc.**

A Professional Accounting Services Corp.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

**Independent Auditor's Report**

The Honorable City Council  
City of Rio Dell  
Rio Dell, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Rio Dell, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

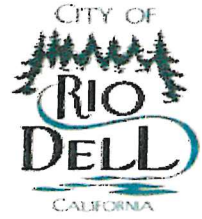
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 22, 2020

*JJACPA, Inc.*  
**JJACPA, Inc.**  
Dublin, CA



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675 Wildwood Avenue  
Rio Dell, CA 95562-1597  
(707) 764-5642 Hall

**For Meeting of: July 7, 2020**

☐ Consent Item; ☐ Public Hearing Item

To: City Council

From: Jeff Conner, Chief of Police

Through: Kyle Knopp, City Manager

Date: July 1, 2020

Subject: Discussion of the City's Nuisance Abatement Committee's Activities

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**Recommendation:**

That the City Council discuss the City's Nuisance Abatement Committee's activities and provide direction to staff and the committee as appropriate.

**Background and Discussion**

In June of 2019, your Council approved the hiring of a contract Hearing Officer to replace the committee that formerly had the responsibility to hear appeals to the City's code enforcement actions. That committee had served more in an advisory capacity and your council agreed that it should maintain that function. Thus, the Nuisance Advisory Committee was created.

The Nuisance Advisory Committee holds monthly meetings to discuss code enforcement issues throughout the City. There was a two-month hiatus during the Covid-19 pandemic, but the committee has met twice now remotely and will continue to do so until the County Health Officer allows public meetings to continue. During a recent committee meeting, priorities were established on how the City should apply the limited resources at our disposal. Attached to this agenda item is a list of the current cases including the new prioritization.

Attachment(s): A list of the City's current code enforcement cases.





## Code Enforcement Case Detail Report

### Report Criteria:

Status	Priority	Violation Status	Assigned To	Violation	Property Type	CDBG Eligibility	Open Date Range	Follow up Date Range	Close Date Range	Initiation Type
All Open	All	All	All	All	All	All	From To	From To	From To	

### Report Details

Case#	eFH Case#	Status	Violation(s)	Priority	Street Number	Street Direction	Street Name	Street Type	Unit	Zip	APN	Open Date	Age (days)
CE20-99		Case Initiated	Junk Vehicles - Open Solid Waste - Open Substandard Housing - Open	High	711		Ireland	St		95562	052-322-042	06/16/2020	16
CE19-90		Notice of Violation Served	Junk Vehicles - Open Substandard Housing - Open Solid Waste - Open	High	508 1/2		Wildwood	Ave		95562	053-096-007	11/24/2019	221
CE19-86		Notice of Violation Served	Solid Waste - Open Substandard Housing - Open Violation of 2016 California Building Code - Open Junk Vehicles - Open Camping Prohibited - Open Unsafe Structure - Open Permit Required for Loud Noises - Open	High	367		Berkeley	St		95562	053-164-002/003	10/07/2019	269
CE19-47		Notice and Order Served	Solid Waste - Open Unsafe Structure - Open	High	215		Monument	Rd		95562	053-172-016	04/03/2019	456
CE18-29		Notice to Correct Served	Solid Waste - Open Substandard Housing - Open	High	65		Davis	St		95562	053-092-004-000	07/02/2018	731
CE18-15		Administrative Citation Issued	Solid Waste - Open	High	483		4th	Ave		95562	053-075-007-000	03/13/2017	1207
CE18-13		Notice to Correct Served	Solid Waste - Open Junk Vehicles - Open	High	66		Davis	St		95562	052-233-005	01/20/2017	1259
CE18-9		Notice to Correct Served	Improper Parking - Closed Solid Waste - Open Junk Vehicles - Open	High	286		Ogle	Ave		95562	052-053-016	03/30/2016	1555
CE18-6		Case Initiated	Junk Vehicles - Open Solid Waste - Open Excessive Vegetation - Open	High	875		Pacific	Ave		95562	052-201-017	06/15/2016	1478
CE20-100		Notice to Correct Served	Animal Noise - Open	Low	233		Ogle	Ave		95562	052-072-026	06/22/2020	10
CE20-98		Case Initiated	Violation of 2016 California Building Code - Open	Low	188		Douglas	St		95562	053-114-007	06/05/2020	27
CE20-94		Case Initiated	Excessive Vegetation - Open	Low	307		Wildwood	Ave		95562	053-141-050	03/05/2020	119
CE20-91		Case Initiated	Public Nuisance - Open	Low	275		Orchard	Lane		95562	053-122-007	01/23/2020	161
CE19-80		Case Initiated	Excessive Vegetation - Open	Low	527		First	Ave		95562	053-096-004-000	09/12/2019	294
CE19-79		Case Initiated	Excessive Vegetation - Open Solid Waste - Open	Low	928		Bluff	Pl		95562	052-261-050-000	08/06/2019	331
CE19-78		Case Initiated	Excessive Vegetation - Open Solid Waste - Open	Low	1572		Eeloa	Ave		95562	052-091-010-000	08/01/2019	336
CE19-51		Notice to Correct Served	Violation of Short Term Rental Ordinance - Open	Low	174		Grayland Heights	Rd		95562		05/19/2019	410
CE19-44		Case Initiated	Violation of 2016 California Building Code - Open	Low	229		Ogle	Ave		95562		11/27/2018	583
CE18-43		Case Initiated	Excessive Vegetation - Open	Low	235		Bellevue	Ave		95562	052-053-010	12/05/2018	575
CE18-31		Case Initiated	Excessive Vegetation - Open	Low	270		Monument	Rd		95562	053-133-010-000	08/06/2018	696
CE18-24		Case Initiated	Solid Waste - Open Animals running at large - Open	Low	921		Hilda	Ct		95562	052-242-008-000	11/01/2017	974
CE18-20		Notice to Correct Served	Violation of Kennel Regulations - Open	Low	1066		Riverside	Dr		95562	052-152-017-000	09/01/2017	1035
			Fence Height Violation - Open	Low	310		1st	Ave		95562		08/05/2017	1062



CE18-19	Notice to Correct Served							053-152-017-000			
CE18-18	Notice to Correct Served	Excessive Vegetation - Open Unsecured Vacant Structure - Open	Low	888	Rigby	Ave	95562	052-291-025	07/14/2017	1084	
CE18-16	Abatement Completed	Solid Waste - Open Junk Vehicles - Open Camping Prohibited - Open	Low	851	Rio Dell	Ave	95562	052-202-006-000	04/24/2018	800	
CE18-7	Abatement Completed	Violation of 2016 California Building Code - Open Public Nuisance - Open	Low	61	Monument	Rd	95562	053-172-009	06/01/2013	2588	
CE18-4	Notice to Correct Served	Fence Height Violation - Open	Low	560	1st	Ave	95562	053-161-008	08/04/2016	1428	
CE18-2	Notice of Violation Served	Violation of Commercial Cannabis Cultivation Land Use Regulations in the Industrial Commercial Zone - Closed Violation of Zoning Code for Industrial Commercial Zone - Open Violation of 2016 California Building Code - Open	Low		Northwestern	Ave	95562	205-111-067	04/07/2018	817	
CE20-97	Notice of Violation Served	Camping Prohibited - Open Solid Waste - Open	Medium	120	First	Ave	95562	053-162-001	05/05/2020	58	
CE19-84	Case Initiated	Camping Prohibited - Open	Medium	175	Davis	St	95562	053-073-006-000	09/24/2019	282	
CE19-82	Case Initiated	Solid Waste - Open Camping Prohibited - Open Junk Vehicles - Open	Medium	611	Wildwood	Ave	95562	053083009000	09/12/2019	294	
CE19-53	Notice to Correct Served	Solid Waste - Open	Medium	230	Ogle	Ave	95562	052-053-019	05/23/2019	406	
CE18-41	Case Initiated	Solid Waste - Open Solid Waste - Open	Medium	590	Gunnerson	Lane	95562	053-021-034-000	10/31/2018	610	
CE18-40	Case Initiated	Solid Waste - Open Junk Vehicles - Open	Medium	508	4th	Ave	95562	053-073-003-000	10/31/2018	610	
CE18-35	Property Inspected	Substandard Housing - Open Junk Vehicles - Closed Solid Waste - Closed Junk Vehicles - Open Solid Waste - Open	Medium	192	Bellevue	Ave	95562	052-061-033-000	08/27/2018	675	
CE18-32	Case Initiated	Solid Waste - Open Junk Vehicles - Open Public Nuisance - Open	Medium	168	Ogle	Ave	95562	052-081-037-000	07/14/2018	719	
CE18-17	Case Initiated	Solid Waste - Open Improper Parking - Open Camping Prohibited - Open Substandard Housing - Open	Medium	250	Tolman	Rd	95562	052-072-019-000	05/18/2017	1141	
CE18-14	Notice to Correct Served	Solid Waste - Open	Medium	483	3rd	Ave	95562	053-103-003-000	10/01/2016	1370	
CE18-12	Case Initiated	Excessive Vegetation - Open Solid Waste - Open	Medium	349	Cherry	Lane	95562	053-121-030	10/27/2016	1344	
CE18-11	Notice to Correct Served	Excessive Vegetation - Open Improper Parking - Open Junk Vehicles - Open	Medium	1580	Eeloa	Ave	95562	052-091-002	03/25/2016	1560	
CE18-10	Case Initiated	Solid Waste - Open Junk Vehicles - Open Excessive Vegetation - Open	Medium	909	Martin	Dr	95562	052-241-069	08/01/2013	2527	
CE18-8	Notice of Violation Served	Excessive Vegetation - Open Unsafe Structure - Open	Medium	282	Bellevue	Ave	95562	052-061-024	01/08/2016	1637	
CE18-5	Notice and Order Served	Junk Vehicles - Open Solid Waste - Open Excessive Vegetation - Open	Medium	833	Pacific	Ave	95562	052-201-010-000	07/01/2017	1097	
CE18-3	Notice to Correct Served	Excessive Vegetation - Open Unsafe Structure - Open	Medium	474	Walker	Lane	95562	053-011-018	07/14/2016	1449	
CE18-1	Notice to Correct Served	Solid Waste - Open	Medium	260	Bellevue	Ave	95562		03/06/2018	849	

Number of Cases: 45



*Rio Dell City Hall  
675 Wildwood Avenue  
Rio Dell, CA 95562  
(707) 764-3532  
cityofriodell.ca.gov*

July 7, 2020

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Update on 2020 Regional Slurry Project and Modifications

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Provide direction, if any.

BACKGROUND AND DISCUSSION

The City Manager will provide an update on the 2020 regional slurry seal project. The contractor is currently projecting to begin working in town on either the week of the 20<sup>th</sup> or 27<sup>th</sup>. They will also be performing sealing work related to (but separate from) the ATP project, primarily on Bellevue Avenue.

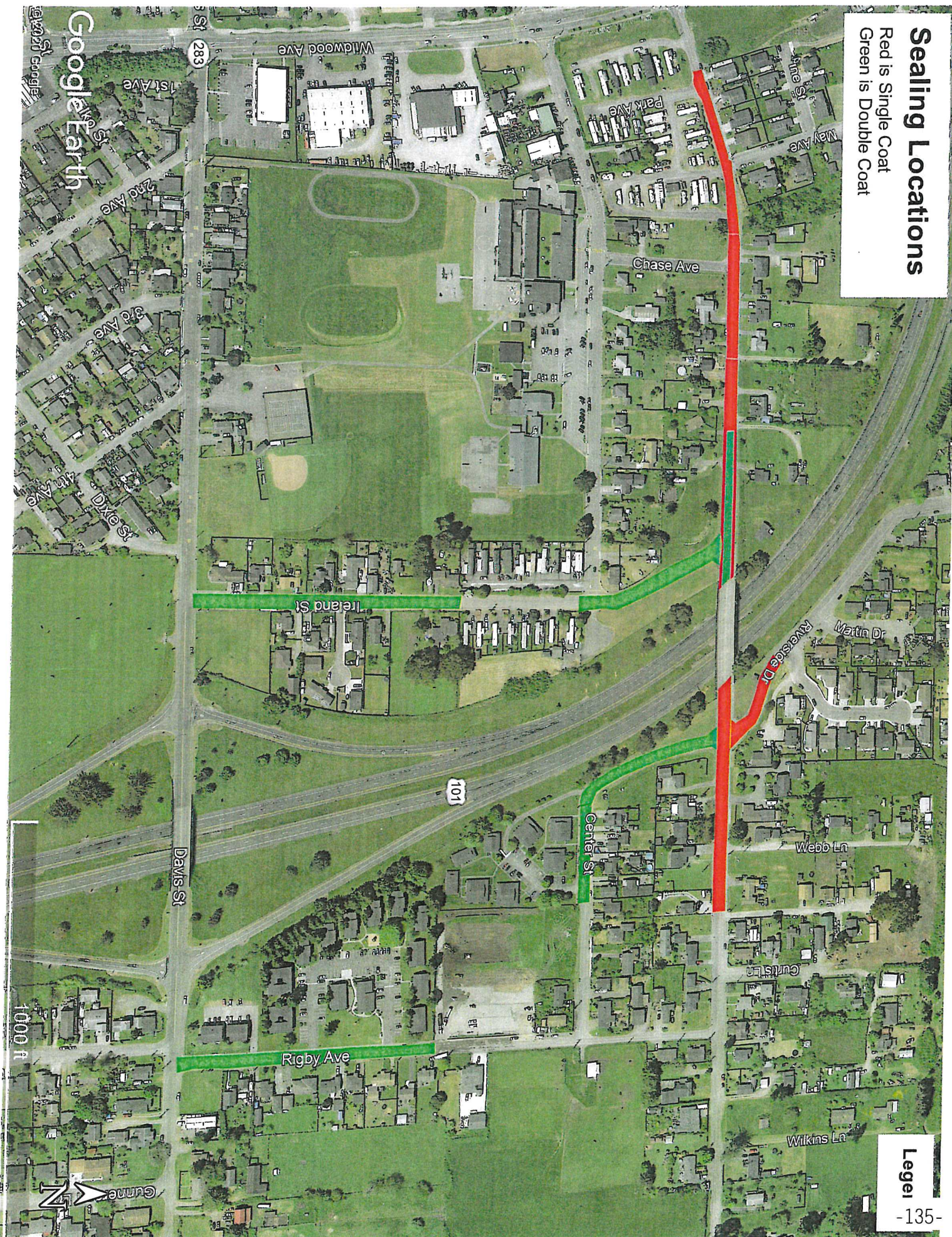
Attached to the agenda are site location maps, with red being locations for single coatings and green representing double-coats for the more impaired roads. Staff has begun the final preparatory work for these locations.

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# Sealing Locations

Red is Single Coat  
Green is Double Coat





# Sealing Locations



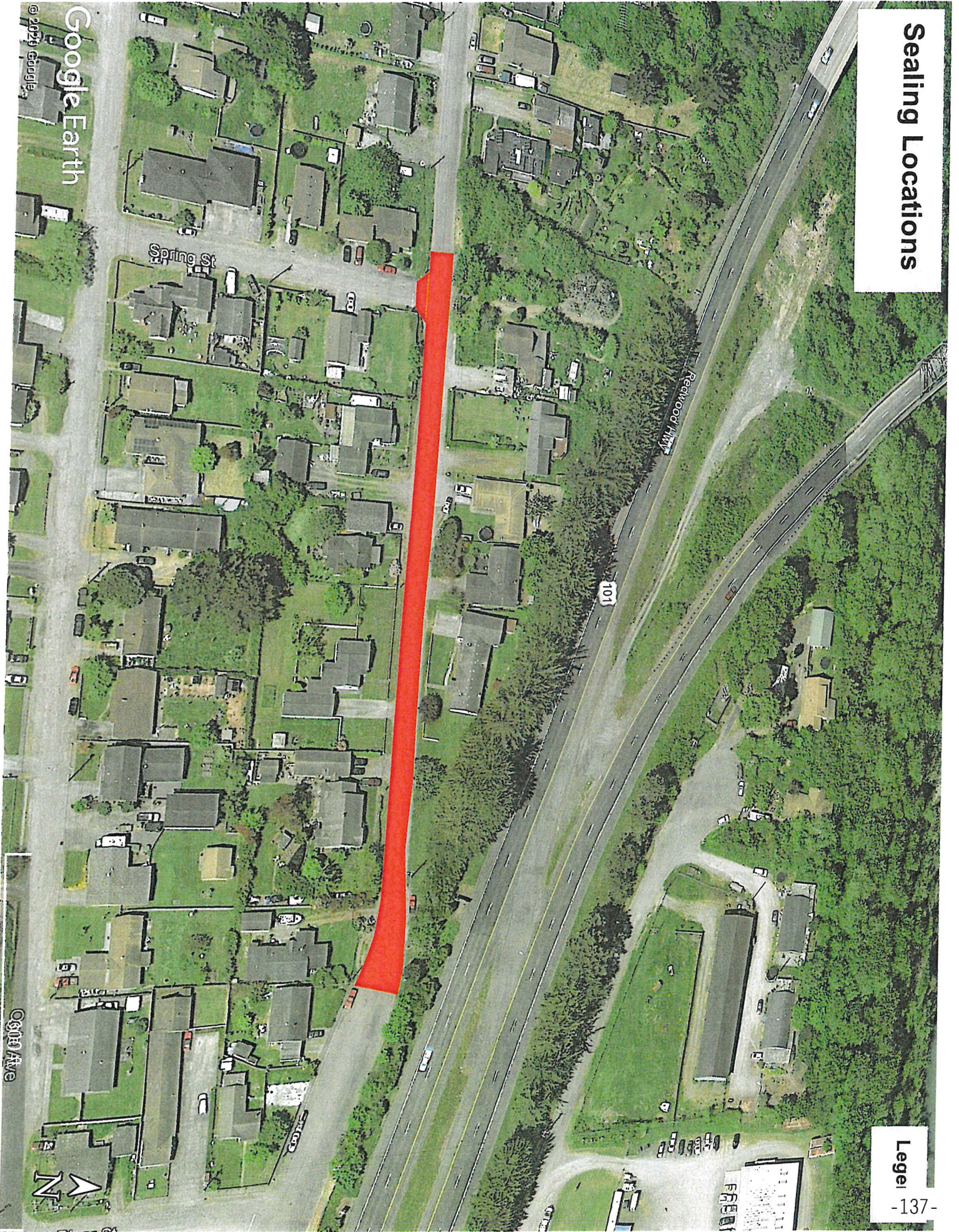
Google Earth

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# Sealing Locations



Google Earth

© 2020 Google

Legend




675 Wildwood Avenue  
Rio Dell, CA 95562  
(707) 764-3532



For Meeting of: July 7, 2020

To: City Council

From: Kevin Caldwell, Community Development Director

Through: Kyle Knopp, City Manager 

Date: June 30, 2020

Subject: Text Amendment Chapter 15, Buildings and Construction RDMC  
Ordinance No. 388-2020; Agricultural Exempt Buildings

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**Recommendation:**

That the City Council:

1. Receive staff's report regarding amending Chapter 15, Section 15.05 of the Rio Dell Municipal Code (RDMC) to allow for Building Permit Exemptions for Agricultural Buildings; and
2. Introduce (first reading) Ordinance No. 388-2020 amending Chapter 15 "Construction Codes" of the Rio Dell Municipal Code (RDMC) to incorporate California Building Code exemptions and to establish agricultural building exemptions; and
3. Open the public hearing, receive public input and deliberate; and
4. Continue consideration, approval and adoption of the proposed Ordinance to your meeting of July 21, 2020 for the second reading and adoption.

## Discussion

This item was continued from the meeting of June 16<sup>th</sup> so that the Ag Exempt process could be applied to the Suburban (S) designation as well. The Suburban (S) zone also allows “General Agriculture” as a principally permitted use.

**Please be aware that Agricultural Barns are currently allowed in the Rural (R), Natural Resource (NR) and Suburban (S) zones. The recommended amendment only provides for a “streamlined” Building Permit process with reduced fees.**

Again, staff was recently contacted by a local contractor who was inquiring about the permitting process for a barn in the Rural (R) zoning designation through an Agricultural Exemption process. Humboldt County and likely many other jurisdictions allow Building Permit Exemptions for Agricultural Buildings as defined in Section 202 of the California Building Code (CBC). Although the City has issued Permits for Agricultural Exempt Buildings in the past, staff is recommending the City codify the process.

Agricultural buildings are defined by Section 202 of the California Building Code as “a structure designed and constructed to house farm implements, hay, grain, poultry, livestock or other horticultural products. This structure shall not be a place of human habitation or a place of employment where agricultural products are processed, treated or packaged; nor shall it be a place used by the public.”

A copy of a draft Letter of Acknowledgement is included as **Attachment 1**. The Letter of Acknowledgement basically requires the applicant to acknowledge the limited and allowed uses of an Agricultural Exempt building.

Agricultural Exempt Buildings would only be allowed in the Rural (R), Natural Resource (NR) and Suburban (S) land use designations. These designations allow general agriculture as principally permitted uses. A copy of the City’s Zoning Map is included as **Attachment 2**.

Agricultural Exempt Buildings are not subject to the construction requirements of the California Building Code (CBC). A plot plan and floor plan are the only submittal requirements. There is no Plan Check or inspections unless electricity and/or plumbing is proposed. Staff verifies setbacks on the plot plan and on the site. The fee for Agricultural Exempt Buildings is \$150.00 per building. The fee is already included in the adopted Fee Schedule. If the Agricultural Exempt process is not approved the Building Permit fee, including the required Plan Check Fee for a 2,400 square foot barn would be \$2,974.07. The fees are based on the most current

version of the International Council of Building Officials (ICBO) Building Valuation Table which identifies a valuation Of \$45.09 per square foot.

Staff is also recommending that the California Building Code exemptions identified in Section 105.2 be included in the Rio Dell Municipal Code as well. Staff is recommending that the exemptions including the Agricultural Building exemption be codified as Section 15.05.030.

**Attachment 1: Letter of Acknowledgement**

**Attachment 2: City Zoning Map**

**Attachment 3: Draft Ordinance No. 388-2020**

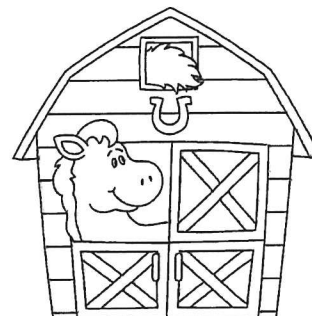


675 Wildwood Avenue  
Rio Dell, CA 95562  
(707) 764-3532



## LETTER OF ACKNOWLEDGEMENT Agricultural Exempt Structures

As defined in Chapter 2, Section 202, of the California Building Code, agricultural buildings are structures designed and constructed to house farm implements, hay, grain, poultry, livestock or other horticultural products. These structures shall not be a place of human habitation or a place of employment where agricultural products are processed, treated, or packaged, nor shall it be a place used by the public.



Section 15.05.030(14) of the Rio Dell Municipal Code allows an exception to the Building Permit requirements for structures that meet the definition of an agricultural building on lands zoned Rural and Natural Resources

### Agricultural Exempt Buildings:

- Shall not have finished interiors, heat or air conditioning, or bathroom facilities; and
- Shall meet all setback requirements including the requirements of the City's Environmentally Sensitive Habitat Area regulations; and
- Shall comply with all provisions of the City's Flood Damage Prevention Ordinance; and
- The building will be used to house farm implements, hay, grain, poultry, livestock, or other horticultural products; and
- The building will not be a place of human habitation.

I acknowledge and certify that the proposed building is intended and will be used as an Agricultural Exempt building in compliance with Section 15.05.030(14) of the Rio Dell Municipal Code and the above provisions.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

**ORDINANCE NO. 388-2020**



**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIO DELL  
AMENDING CHAPTER 15 "CONSTRUCTION CODES" OF THE RIO DELL MUNICIPAL  
CODE (RDMC) TO INCORPORATE CALIFORNIA BUILDING CODE EXEMPTIONS  
AND TO ESTABLISH AGRICULTURAL BUILDING EXEMPTIONS.**

**THE CITY COUNCIL OF THE CITY OF RIO DELL ORDAINS AS FOLLOWS:**

**WHEREAS** staff was recently contacted by a local contractor who was inquiring about the permitting process for a barn in the Rural (R) zoning designation through an Agricultural Exemption process; and

**WHEREAS** Humboldt County and likely many other jurisdictions allow Building Permit Exemptions for Agricultural Buildings as defined in Section 202 of the California Building Code (CBC); and

**WHEREAS** although the City has issued Permits for Agricultural Exempt Buildings in the past, staff is recommending the City codify the process; and

**WHEREAS** agricultural buildings are defined by Section 202 of the California Building Code as "a structure designed and constructed to house farm implements, hay, grain, poultry, livestock or other horticultural products. This structure shall not be a place of human habitation or a place of employment where agricultural products are processed, treated or packaged; nor shall it be a place used by the public."; and

**WHEREAS** agricultural Exempt Buildings would only be allowed in the Rural and Natural Resource land use designations; and

**WHEREAS** staff is also recommending that the California Building Code exemptions identified in Section 105.2 be included in the Rio Dell Municipal Code as well; and

**WHEREAS** included with the adoption of the 2019 California Building Standards Codes is the adoption of the 2018 International Property Maintenance Code (IPMC); and

**WHEREAS** the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a Project which has the potential for causing a significant effect on the environment under Title 14 of the California Code of Regulations, Section 15061(b)(3). No further environmental review is necessary.

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that the City Council of the City of Rio Dell does hereby ordain as follows:

## **Section 1.**

Chapter 15.05 of the Rio Dell Municipal Code is hereby amended to read in as follows:

Chapter 15.05  
Construction Codes

### Sections

15.05.010	Administration
15.05.020	Building Codes.
15.05.030	<del>Fees for permits and inspections.</del> <a href="#">Work Exempt from Permit.</a>
15.05.040	<del>Person may do own work.</del> <a href="#">Fees for permits and inspections.</a>
15.05.050	<del>Penalty.</del> <a href="#">Person may do own work.</a>
<a href="#">15.05.060</a>	<a href="#">Penalty.</a>

### [15.05.030](#)

#### [Work Exempt from Permit](#)

[Exemptions from permit requirements of this code shall not be deemed to grant authorization for any work to be done in any manner in violation of the provisions of this code or any other laws or ordinances of this jurisdiction. Permits shall not be required for the following:](#)

#### [Building:](#)

[\(1\) One-story detached accessory structures used as tool and storage sheds, playhouses and similar uses, provided the floor area is not greater than 120 square feet \(11 m<sup>2</sup>\).](#)

[\(2\) Fences not over 7 feet \(2134 mm\) high.](#)

[\(3\) Oil derricks.](#)

[\(4\) Retaining walls that are not over 4 feet \(1219 mm\) in height measured from the bottom of the footing to the top of the wall, unless supporting a surcharge or impounding Class I, II or IIIA liquids.](#)



(5) Water tanks supported directly on grade if the capacity is not greater than 5,000 gallons (18 925 L) and the ratio of height to diameter or width is not greater than 2:1.

(6) Sidewalks and driveways not more than 30 inches (762 mm) above adjacent grade, and not over any basement or story below and are not part of an accessible route.

(7) Painting, papering, tiling, carpeting, cabinets, counter tops and similar finish work.

(8) Temporary motion picture, television and theater stage sets and scenery.

(9) Prefabricated swimming pools accessory to a Group R-3 occupancy that are less than 24 inches (610 mm) deep, are not greater than 5,000 gallons (18 925 L) and are installed entirely above ground.

(10) Shade cloth structures constructed for nursery or agricultural purposes, not including service systems.

(11) Swings and other playground equipment accessory to detached one- and two-family dwellings.

(12) Window awnings in Group R-3 and U occupancies, supported by an exterior wall that do not project more than 54 inches (1372 mm) from the exterior wall and do not require additional support.

(13) Nonfixed and movable fixtures, cases, racks, counters and partitions not over 5 feet 9 inches (1753 mm) in height.

(14) Agricultural buildings, other than milking barns, not intended for the use of the general public, on lands zoned Rural and Natural Resources. The Building Inspector shall issue an exemption upon confirming that the subject parcel is so zoned, and that all set-backs or other requirements will be observed.

Agricultural buildings are defined by Section 202 of the California Building Code as "a structure designed and constructed to house farm implements, hay, grain, poultry, livestock or other horticultural products. This structure shall not be a place of human habitation or a place of employment where agricultural products are processed, treated or packaged; nor shall it be a place used by the public."

## **Section 2. Severability**

If any provision of the ordinance is invalidated by any court of competent jurisdiction, the remaining provisions shall not be affected and shall continue in full force and effect.



### **Section 3. Limitation of Actions**

Any action to challenge the validity or legality of any provision of this ordinance on any grounds shall be brought by court action commenced within ninety (90) days of the date of adoption of this ordinance.

### **Section 4. Effective Date**

This ordinance becomes effective thirty (30) days after adoption.

**I HEREBY CERTIFY** that the forgoing Ordinance was duly introduced at a regular meeting of the City Council of the City of Rio Dell on July 7, 2020 and furthermore the forgoing Ordinance was passed, approved and adopted at a regular meeting of the City Council of the City of Rio Dell, held on the July 16, 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Debra Garnes, Mayor

ATTEST:

I, Karen Dunham, City Clerk for the City of Rio Dell, State of California, hereby certify the above and foregoing to be a full, true and correct copy of Ordinance No. 388-2020 which was passed, approved and adopted at a regular meeting of the City Council of the City of Rio Dell, held on July 16, 2020.

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Karen Dunham, City Clerk, City of Rio Dell